



City of Hill City Agenda
December Regular Council Meeting
December 09, 2025 at 6:00 PM
Hill City Community Room

Note: Please silence your electronic devices during the meeting. Thank you.

- 1. Call to Order/Pledge of Allegiance**
- 2. Additions or Corrections to the Agenda**
- 3. Guest Speaker**
 - a.** Chris Knopik, CLA - Presenting the 2024 Audit
- 4. Consent Agenda**
 - a.** Approve minutes of the Regular Council Meeting
 - b.** Account Balances
Claim's - 11/18 \$495.00, 11/24 \$14,299.51, 12/5 \$56,350.09, 12/9 \$611,008.69
EFT's - 11/17 Payroll \$11,886.04, 11/18 Fed Taxes \$2,948.72, 11/19 PERA \$2,986.69,
11/25 Colonial Life \$52.32, 12/1 Payroll \$11,382.66, 12/1 PERA \$2,985.52, 12/1 Fed
Tax \$2,774.90, 12/2 Withholding Taxes \$1,287.79, 12/9 Sales Tax \$8.00

No Transfers
 - c.** Reports – Public Works, Fire, Police, Clerk
- 5. Public Forum – 3-minute limit**
- 6. Reports:**
 - a.** Mayor and Council
 - b.** Engineer
 - c.** CEDA
 - d.** Land Use Committee
 - e.** Events & Planning Committee
 - f.** Personnel Committee
 - g.** Facilities/Equipment Committee
 - h.** Park Committee
- 7. Old Business**
 - a.** Larmar Agreement
 - b.** Quote for Plumbing for Fish Cleaning House
- 8. New Business**
 - a.** Approve Pay Request #12 in the amount of \$606,549.
 - b.** Approve Draw Request #12 in the amount of \$629,269.20.

- c. Northwoods Quads Gambling Permit
- d. Should we apply? Mulit-Court, RV Sewer hook-ups,
- e. This will be for Upgrading Public Facilities. Do we want to apply?
- f. Approve Lion's Club Fishing Contest February 14th
- g. LMC Elected Leaders Institute: Next-Level Leaders
February 6 - 7 - Plymouth
February 20 - 21 - Alexandria

City Day on the Hill is March 11th in St Paul

- h. FYI
Monitoring Report CDAP-23-0096-O-FY24
- i. Hill City School Yearbook Thank You
- j. Approve 2026 CEDA Contract in the amount of \$32,340.00.

9. Upcoming Meetings

- a. December 16 - Budget Meeting 6 pm
January 13 - Regular Meeting

10. Adjourn

CITY OF HILL CITY, MINNESOTA
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2024



CPAs | CONSULTANTS | WEALTH ADVISORS

**CITY OF HILL CITY
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2024**

INTRODUCTORY SECTION

PRINCIPAL CITY OFFICIALS	1
---------------------------------	----------

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	2
-------------------------------------	----------

STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS – REGULATORY BASIS – GOVERNMENTAL FUNDS	8
---	----------

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH FUND BALANCES – REGULATORY BASIS – GOVERNMENTAL FUNDS	9
---	----------

STATEMENT OF NET POSITION AND BALANCES ARISING FROM CASH TRANSACTIONS – REGULATORY BASIS – PROPRIETARY FUNDS	10
---	-----------

STATEMENT OF ACTIVITIES AND CASH RECEIPTS/REVENUES, DISBURSEMENTS/EXPENSES, AND CHANGES IN CASH NET POSITION/NET POSITION – REGULATORY BASIS – PROPRIETARY FUNDS	11
---	-----------

STATEMENT OF CASH FLOWS – REGULATORY BASIS – PROPRIETARY FUNDS	12
---	-----------

STATEMENT OF FIDUCIARY NET POSITION – REGULATORY BASIS – FIDUCIARY FUNDS	13
---	-----------

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – REGULATORY BASIS – FIDUCIARY FUNDS	14
--	-----------

NOTES TO FINANCIAL STATEMENTS	15
--------------------------------------	-----------

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY'S AND NONEMPLOYER PROPORTIONATE SHARE OF NET PENSION LIABILITY AND SCHEDULE OF CITY CONTRIBUTION – GENERAL EMPLOYEE RETIREMENT FUND	45
---	-----------

SCHEDULE OF CITY'S AND NONEMPLOYER PROPORTIONATE SHARE OF NET PENSION LIABILITY AND SCHEDULE OF CITY CONTRIBUTION – PUBLIC EMPLOYEE POLICE AND FIRE FUND	46
---	-----------

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION	47
---	-----------

**CITY OF HILL CITY
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2024**

SUPPLEMENTARY INFORMATION SECTION

BUDGETARY COMPARISON SCHEDULE – REGULATORY BASIS – GENERAL FUND	56
BUDGETARY COMPARISON SCHEDULE – REGULATORY BASIS – POLICE FUND	59
BUDGETARY COMPARISON SCHEDULE – REGULATORY BASIS – FIRE FUND	60
COMBINING STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS – REGULATORY BASIS – NONMAJOR GOVERNMENT FUNDS	61
COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH FUND BALANCES – REGULATORY BASIS – NONMAJOR GOVERNMENT FUNDS	62
SCHEDULE OF ACCOUNTS RECEIVABLE	64
SCHEDULE OF ACCOUNTS PAYABLE	65

INTRODUCTORY SECTION

**CITY OF HILL CITY, MINNESOTA
PRINCIPAL CITY OFFICIALS
DECEMBER 31, 2024**

Section 3, Item a.

<u>Position</u>	<u>Terms Expire</u>	<u>Name</u>
<u>Elected Officials</u>		
Mayor	December 31, 2024	Dave Lange
Council Members	December 31, 2024	Lin Benson
	December 31, 2024	Amanda Goodrich
	December 31, 2026	Kenny Hilton
	December 31, 2024	Tom Semler
<u>Appointed Officials</u>		
City Clerk/Treasurer		Tami Meyer
Attorney		Breen & Person, Ltd. J. Bradley Person, Attorney
Auditor		CliftonLarsonAllen LLP

FINANCIAL SECTION



CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Honorable Major and
Members of the City Council
City of Hill City, Minnesota
Hill City, Minnesota

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the accompanying statement of balances arising from cash transactions of each major fund, the aggregate remaining fund information, the Sewer Fund, Garbage Fund, and the financial position of the Water Fund of the City of Hill City, as of and for the year ended December 31, 2024, and the related statement of cash receipts, disbursements, and changes in cash fund balances/net position of each major fund, the aggregate remaining fund information, the Sewer Fund, the Garbage Fund, and the change in net position of the Water Fund, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the balance arising from cash transactions of each major governmental fund, the aggregate remaining fund information, the Sewer Fund, the Garbage Fund, and the financial position of the Water Fund of the City of Hill City, Minnesota, as of December 31, 2024, and the respective cash receipts, disbursements and changes in cash fund balances/net position of each major fund, the aggregate remaining fund information, the Sewer Fund, the Garbage Fund, and the change in net position of the Water Fund and, where applicable, cash flows thereof for the year then ended, in accordance with the financial reporting provisions of the Minnesota Office of the State Auditor, as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the financial statements referred to above do not present fairly the financial position of each major fund and the aggregate remaining fund information of the City of Hill City, Minnesota, as of December 31, 2024, or the changes in financial position or, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Hill City, Minnesota, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Matter Giving Rise to the Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by the City of Hill City, Minnesota, on the basis of the financial reporting provisions of the Minnesota Office of the State Auditor, the regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Minnesota Office of the State Auditor. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Matter Giving Rise to the Adverse Opinion on Water Fund

Management did not perform an assessment for a lookback of capital asset expenditures to properly record the current capital asset, accumulated depreciation, and depreciation expense balances. Due to management not performing their assessment, the amount by which this departure would affect the assets, net position, and expenses of the business-type activities and the water fund has not been determined.

Emphasis of Matter – Restatement

As discussed in Note 10 to the financial statements, the City restated its beginning net position for the Water Fund to include recording construction in progress, debt, and various accounts receivable balances. Our opinion is adverse with respect to this matter specific to the capital asset balance as the City did not perform a lookback of capital asset expenditures that accurately reflect the balances for capital assets, accumulated depreciation, and depreciation expense in the current year.

Also discussed in Note 10 to the financial statements, the City restated its beginning fund balance for the police, water, and nonmajor funds due to changes in fund presentation of nonmajor and major.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting practices prescribed or permitted by the Minnesota Office of the State Auditor as described in Note 1, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of the City's Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

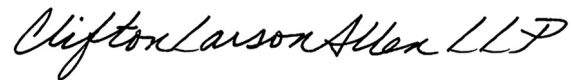
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hill City's basic financial statements. The budgetary comparison schedules, combining statement of balances arising from cash transactions, and combining statement of cash receipts, disbursements, and changes in cash fund balance are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the budgetary comparison schedules, combining statement of balances arising from cash transactions, and combining statement of cash receipts, disbursements, and changes in cash fund balance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, the schedule of accounts receivable, and the schedule of accounts payable but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

Honorable Mayor and Members of the City Council
City of Hill City, Minnesota

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
November 26, 2025

BASIC FINANCIAL STATEMENTS

**CITY OF HILL CITY
STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS
REGULATORY BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

	General	Police	Fire	Sinking	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 605,250	\$ (222,890)	\$ 65,919	\$ 473,503	\$ 3,389	\$ 925,171
CASH FUND BALANCES						
Restricted	\$ 91,129	\$ -	\$ -	\$ -	\$ 3,389	\$ 94,518
Assigned	149,680	-	65,919	473,503	-	689,102
Unassigned (Deficit)	364,441	(222,890)	-	-	-	141,551
Total Cash Fund Balances	\$ 605,250	\$ (222,890)	\$ 65,919	\$ 473,503	\$ 3,389	\$ 925,171

See accompanying Notes to Financial Statements.

CITY OF HILL CITY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN
CASH FUND BALANCES – REGULATORY BASIS
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

	General	Police	Fire	Sinking	Nonmajor Governmental Funds	Total Governmental Funds
RECEIPTS						
Property Taxes	\$ 154,349	\$ 97,763	\$ 32,774	\$ -	\$ -	\$ 284,886
Franchise Taxes	3,441	-	-	-	-	3,441
Licenses and Permits	10,075	-	-	-	-	10,075
Intergovernmental	252,472	24,173	-	-	-	276,645
Charges for Services	54,832	13,508	61,602	-	-	129,942
Fines and Forfeits	1,361	3,643	-	-	-	5,004
Interest Earnings	25,904	-	-	-	-	25,904
Contributions and Donations	39,773	-	-	-	-	39,773
Refunds and Reimbursements	7,492	6,624	-	-	-	14,116
Miscellaneous	11,366	-	78,586	-	-	89,952
Total Receipts	561,065	145,711	172,962	-	-	879,738
DISBURSEMENTS						
Current:						
General Government	249,991	-	-	-	-	249,991
Public Safety	2,990	379,798	157,431	-	-	540,219
Public Works	106,526	-	-	-	-	106,526
Culture and Recreation	91,381	-	-	-	-	91,381
Airport	15,618	-	-	-	-	15,618
Capital Outlay	169,103	-	-	-	-	169,103
Total Disbursements	635,609	379,798	157,431	-	-	1,172,838
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(74,544)	(234,087)	15,531	-	-	(293,100)
OTHER FINANCING SOURCES (USES)						
Sale of Capital Assets	1,929	-	-	-	-	1,929
Transfers Out	(39,278)	(6,000)	-	-	-	(45,278)
Transfers In	6,000	-	-	112,224	-	118,224
Total Other Financing Sources (Uses)	(31,349)	(6,000)	-	112,224	-	74,875
CHANGE IN CASH FUND BALANCE	(105,893)	(240,087)	15,531	112,224	-	(218,225)
Cash Fund Balance - Beginning of Year	711,143	-	51,630	361,279	19,344	1,143,396
Adjustment - See Note 10	-	17,197	(1,242)	-	(15,955)	-
Cash Fund Balance - Beginning, As Adjusted	711,143	17,197	50,388	361,279	3,389	1,143,396
CASH FUND BALANCE - END OF YEAR	\$ 605,250	\$ (222,890)	\$ 65,919	\$ 473,503	\$ 3,389	\$ 925,171

See accompanying Notes to Financial Statements.

CITY OF HILL CITY
STATEMENT OF NET POSITION AND BALANCES ARISING FROM CASH TRANSACTIONS
REGULATORY BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2024

	Enterprise Funds			
	Water (Accrual)	Sewer (Cash)	Garbage (Cash)	Total
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 648,832	\$ 290,504	\$ -	\$ 939,336
Accounts Receivable	628,467	-	-	628,467
Total Current Assets	1,277,299	290,504	-	1,567,803
NONCURRENT ASSETS				
Capital Assets:				
Construction in Progress	2,031,974	-	-	2,031,974
Equipment	27,946	-	-	27,946
Less: Accumulated Depreciation	(1,937)	-	-	(1,937)
Total Noncurrent Assets, Net	2,057,983	-	-	2,057,983
 Total Assets	3,335,282	290,504	-	3,625,786
DEFERRED OUTFLOWS OF RESOURCES				
Pension Plans	4,957	-	-	4,957
LIABILITIES				
Current Liabilities:				
Accounts Payable	91	-	-	91
Contracts Payable	756,474	-	-	756,474
Retainage Payable	68,241	-	-	68,241
Accrued Interest Payable	14,357	-	-	14,357
Current Portion of Compensated Absences	1,060	-	-	1,060
Current Portion of Long-Term Debt	23,000	-	-	23,000
Total Current Liabilities	863,223	-	-	840,223
Noncurrent Liabilities:				
Long-Term Compensated Absences	4,531	-	-	4,531
Long-Term Debt	932,733	-	-	932,733
Net Pension Liability	19,914	-	-	19,914
Total Noncurrent Liabilities	957,178	-	-	952,647
 Total Liabilities	1,820,401	-	-	1,792,870
DEFERRED INFLOWS OF RESOURCES				
Pension Plans	13,320	-	-	13,320
NET POSITION/CASH NET POSITION				
Net Investment in Capital Assets	277,535	-	-	277,535
Unrestricted	1,228,983	290,504	-	1,519,487
Total Net Position/Cash Net Position	\$ 1,506,518	\$ 290,504	\$ -	\$ 1,797,022

See accompanying Notes to Financial Statements.

CITY OF HILL CITY
STATEMENT OF ACTIVITIES AND CASH RECEIPTS/REVENUES, DISBURSEMENTS/EXPENSES,
AND CHANGES IN CASH NET POSITION/NET POSITION – REGULATORY BASIS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2024

	Enterprise Funds			
	Water (Accrual)	Sewer (Cash)	Garbage (Cash)	Total
OPERATING REVENUES/RECEIPTS				
Charges for Services	\$ 150,704	\$ 248,303	\$ -	\$ 399,007
Connection/Reconnection Fees	1,100	400	-	1,500
Total Operating Revenues/Receipts	151,804	248,703	-	400,507
OPERATING EXPENSES/DISBURSEMENTS				
Personal Services	103,275	66,993	-	170,268
Utilities	12,343	16,646	-	28,989
Depreciation	1,937	-	-	1,937
Repairs and Maintenance	9,027	2,770	-	11,797
Supplies	38,873	12,829	-	51,702
Insurance	2,361	7,609	-	9,970
Contractual Services	33,216	129,093	-	162,309
Other Expenses	12,031	19,185	-	31,216
Total Operating Expenses/Disbursements	213,063	255,125	-	468,188
OPERATING INCOME (LOSS)	(61,259)	(6,422)	-	(67,681)
NONOPERATING REVENUE/RECEIPTS				
(EXPENSES/DISBURSEMENTS)				
Intergovernmental	1,533,207	-	-	1,533,207
Refunds and Reimbursements	2,218	26,751	-	28,969
Miscellaneous Revenue	656	9	-	665
Interest Disbursements	(35,139)	(25,488)	-	(60,627)
Total Nonoperating Revenue/Receipts	1,500,942	1,272	-	1,502,214
(Expenses/Disbursements)	-	-	-	-
INCOME (LOSS) BEFORE TRANSFERS	1,439,683	(5,150)	-	1,434,533
TRANSFERS				
Capital Outlay	-	(48,028)	-	(48,028)
Debt Principal Paid	-	(25,000)	-	(25,000)
Transfers (Out)	-	(72,600)	-	(72,600)
Transfers In	-	-	346	346
Total Transfers	-	(145,628)	346	(145,282)
CHANGE IN NET POSITION/CASH NET POSITION	1,439,683	(150,778)	346	1,289,251
Net Cash Position - Beginning of Year	148,585	441,282	(346)	589,521
Adjustment - See Note 10	(81,750)	-	-	(81,750)
Net Cash Position/Net Position - Beginning of year, as adjusted	66,835	441,282	(346)	507,771
NET POSITION/CASH NET POSITION - END OF YEAR	\$ 1,506,518	\$ 290,504	\$ -	\$ 1,797,022

See accompanying Notes to Financial Statements.

CITY OF HILL CITY
STATEMENT OF CASH FLOWS – REGULATORY BASIS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2024

Section 3, Item a.

	Water (Accrual)
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 151,869
Payments to Employees	(69,407)
Payments to Suppliers	(107,760)
Net Cash Used by Operating Activities	(25,298)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Grant Receipts	916,155
Other Receipts	2,874
Net Cash Provided by Noncapital Financing Activities	919,029
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Issuance of Notes	751,733
Purchase of Capital Assets	(1,102,435)
Principal Paid on Capital Debt	(22,000)
Interest Paid on Capital Debt	(20,782)
Net Cash Used by Capital and Related Financing Activities	(393,484)
NET INCREASE IN CASH AND CASH EQUIVALENTS	500,247
Cash and Cash Equivalents - Beginning of Year	148,585
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 648,832
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (61,259)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	1,937
(Increase) Decrease in Accounts Receivable	65
(Increase) Decrease in Deferred Outflows	(4,957)
Increase (Decrease) in Accounts Payable	91
Increase (Decrease) in Deferred Inflows	13,320
Increase (Decrease) in Net Pension Liability	19,914
Increase (Decrease) in Compensated Absences	5,591
Total Adjustments	35,961
Net Cash Used by Operating Activities	\$ (25,298)
NONCASH ACTIVITIES	
Capital Assets on Account	\$ 824,715

See accompanying Notes to Financial Statements.

**CITY OF HILL CITY
STATEMENT OF FIDUCIARY NET POSITION – REGULATORY BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2024**

	<u>Custodial Fund</u>
ASSETS	
Cash and Cash Equivalents	<u>\$ -</u>
Total Assets	-
LIABILITIES	-
CASH NET POSITION	
Restricted for:	
Individuals, Organizations, and Other Governments	<u>-</u>
TOTAL CASH NET POSITION	<u><u>\$ -</u></u>

CITY OF HILL CITY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – REGULATORY BASIS
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2024

	<u>Custodial Fund</u>
ADDITIONS	
Hotel-Motel Tax	<u>\$ -</u>
Total Additions	-
DEDUCTIONS	
Lodging Tax	-
Transfer Out	-
Miscellaneous	314
Total Deductions	<u>314</u>
NET DECREASE IN FIDUCIARY NET POSITION	(314)
Cash Net Position - Beginning of Year	<u>314</u>
CASH NET POSITION - END OF YEAR	<u><u>\$ -</u></u>

See accompanying Notes to Financial Statements.

**CITY OF HILL CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Hill City follows the cash basis of accounting for all fund outside of the water fund. The statements of cash receipts and disbursements were prepared on the cash basis and, accordingly, revenues and expenditures are recognized only as cash is received or paid out. These statements do not give effect to receivables, payables, accrued expenses, or inventories and, accordingly, are not presented in accordance with generally accepted accounting principles. These procedures are in accordance with the financial reporting provisions of the accounting practices prescribed or permitted by the Minnesota Office of the State Auditor under Minnesota Statute §6.756.

The water fund of the City of Hill City have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles, with the exception that the Fund did not perform a lookback to record historical capital assets. The City of Hill City's significant accounting policies are described below.

A. Reporting Entity

The financial statements of the reporting entity include those of the City (the primary government) and the component units for which the primary government is financially accountable. The criteria used to determine if the primary government is financially accountable for a component unit include whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit or the potential component unit is fiscally dependent upon the City.

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. These component unit's funds are blended into those of the City by appropriate activity type to compose the primary government presentation. Currently, the City has no blended component units.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the City has no discretely presented component units.

**CITY OF HILL CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the City of Hill City's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds in separate columns in the fund financial statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The operating revenues of the City of Hill City's enterprise funds are charges for services to customers. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental Funds

General Fund

The General Fund is the City of Hill City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Special Revenue Fund

To account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted or assigned to disbursements for specified purposes.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

**CITY OF HILL CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation - Fund Financial Statements (Continued)

Proprietary Funds

Enterprise Funds – Water, Sewer, and Garbage

To account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses) of providing goods or services to the general public on a continuing basis are to be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Fund

Custodial Fund – Lodging Tax

Fiduciary activities involve holding and managing assets for specific individuals or other external parties in accordance with trust agreements or other custodial agreements. Fiduciary activities are reported in trust and custodial funds in the fund financial statements.

Major and Nonmajor Funds

Fund	Purpose
Major:	
Governmental:	
General	As Described Above
Police	See Special Revenue Fund Described Above
Fire	See Special Revenue Fund Described Above
Sinking	See Debt Service Fund Described Above
Proprietary:	
Water	Accounts for the Activities of the City for Water Services to the Public
Sewer	Accounts for the Activities of the City for Sewer Services to the Public
Garbage	Accounts for the Activities of the City for Garbage Services to the Public
Nonmajor:	
Governmental:	
Special Revenue	As Described Above

All Proprietary Funds are presented as major for the convenience of the readers of the financial statements.

**CITY OF HILL CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting

The City follows the regulatory basis of accounting for all funds excluding the Water fund. The accompanying financial statements were prepared on the regulatory basis of accounting and accordingly, receipts and disbursements are recognized only as cash is received or paid out. These statements do not give effect to receivables, payables, accrued expenses, capital assets, debt, and inventory and accordingly, are not presented in accordance with accounting principles generally accepted in the United States of America. These procedures are in accordance with City Audited Financial Statements for Cities under 2,500 in Population Reporting on the Regulatory Basis of Accounting as prescribed by the Minnesota Office of the State Auditor, which is a special purpose framework other than accounting principles generally accepted in the United States of America.

The Water fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The City pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash account is available to meet current operating requirements.

2. Accounts Receivable

All trade and other receivables are shown net of allowances for uncollectible amounts. Receivables are analyzed for their collectability based on the terms and conditions of agreements, as well as current economic conditions and consideration of the creditors ability to pay. In addition to those receivables specifically identified as uncollectible, a general allowance is established for receivables older than one year.

3. Interfund Balances

Activity between funds that is representative of lending or borrowing arrangements is reported as either “due to/from other funds” (current portion) or “advances to/from other funds (noncurrent portion).” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

**CITY OF HILL CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

4. Property Taxes

The City levies its property taxes for the subsequent year during the month of December. Aitkin County is the collecting agency for the levy and then remits the collections to the City. The City receives its taxes in two installments in July and December.

The property tax levy in 2024 includes certain state credits that are distributed to the City directly by the state. These credits are classified as intergovernmental revenue.

5. Receipts and Disbursements

Proprietary Funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods and/or services in connection with a Proprietary Fund's principal ongoing operations. Operating disbursements for the Proprietary Fund include the cost of sales and services and administrative expenses. All receipts and disbursements not meeting this definition are reported as nonoperating items which include receipts and disbursements related to capital and related financing, noncapital financing, or investing activities.

Disbursements

In the fund financial statements, disbursements are classified as follows:

Governmental Funds - By Character	Current (Further Classified by Function)
	Debt Service
	Capital Outlay
Proprietary Funds - By Operating and Nonoperating	

**CITY OF HILL CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

6. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the proprietary fund financial statements. Capital assets, except for infrastructure assets, are defined by the City's as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year. For infrastructure assets the same estimated useful life is used, but only those infrastructure projects that cost more than \$2,500 are reported as capital assets.

Capital assets are capitalized and reported at cost or estimated historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materiality extend its life are not capitalized. Donated capital assets are recorded at acquisition value at the date of donation.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment and infrastructure of the primary government are depreciated/amortized using the straight-line method over the following estimated useful lives:

Capital Asset Class	Lives
Buildings	50 Years
Building Improvements	10 to 50 Years
Equipment	5 to 10 Years

In the Fund Financial Statements, capital assets used in governmental and proprietary fund operations, excluding the water fund, are accounted for as capital outlay disbursements of the governmental and proprietary funds upon acquisition.

Capital assets include property, plant, and equipment.

**CITY OF HILL CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The category of deferred outflow of resources reported in the statement of net position is related to pension benefits. Deferred outflows on pensions are more fully discussed in Note 8.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In the government-wide financial statements. The City of Hill City's deferred inflows of resources reported on the proprietary funds balance sheet relate to pension benefits, which are more fully discussed in Note 8.

8. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the proprietary fund statement of net position. Bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

9. Compensated Absences

The liability for compensated absences reported in the proprietary fund statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

10. Pension

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the PERA and Police Pension defined benefit plans (collectively, the Plans) and additions to/deductions from the Plans fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds of employee contributions are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**CITY OF HILL CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

11. Fund Balance

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in Governmental Funds.

The classifications of fund balances are described as follows:

- **Restricted** – Consists of amounts that can be spent only for specific purposes because of constraints imposed by external resource providers (creditors, grantors contributors or laws or regulations of other governments) or imposed by constitutional provisions or enabling legislation
- **Assigned** – Amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. In Governmental Funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the governing body itself.
- **Unassigned** – Consists of the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Any deficit fund balance within the other governmental fund types is reported as unassigned

The City has not formally adopted a fund balance policy for the General Fund.

**CITY OF HILL CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

12. Net Position

Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted Net Position – Is reported when there are limitations imposed on use either through enabling legislation or through external restrictions imposed by creditors, grants, laws or regulations of other governments.

Unrestricted Net Position – Is the amount of net position that does not meet the definition of the two preceding categories.

The City has not formally adopted a fund balance policy for the General Fund.

13. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**CITY OF HILL CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Accounting

Annual budgets are adopted on the regulatory basis, which is a special purpose framework other than accounting principles generally accepted in the United States of America. Budgeted amounts are as originally adopted, or as amended, by the City Council. The original and final budgets for the General Fund and major special revenue fund are presented in the supplementary information section. All annual appropriations lapse at year-end.

B. Excess of Expenditures over Appropriations

Budgetary noncompliance disbursements (including other financing uses) were incurred in excess of appropriations in the following Governmental Funds:

	Budgeted Disbursements and Other Financing Uses	Actual Disbursements and Other Financing Uses	Transfers Included in Actual
General Fund	\$ 414,541	\$ 674,887	\$ (39,278)
Police Fund	278,131	385,798	(6,000)
Fire Fund	81,190	157,431	-

C. Deficit Fund Balance

The following funds had a deficit fund balance as of December 31, 2024:

Police	\$ (222,890)
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NOTE 3 DEPOSITS AND INVESTMENTS

A. Deposits

The City maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is displayed on the financial statements as Cash and Cash Equivalents or Investments. Interest is allocated based on management's estimate of interest earned by fund. In accordance with Minnesota Statutes the City maintains deposits at financial institutions which are authorized by the City Council.

The City is authorized by Minn. Stat. §§ 118A.02 and 118A.04 to designate a depository for public funds and to invest in certificates of deposit. The City is required by Minn. Stat. § 118A.03 to protect deposits with insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount of deposit at the close of the financial institution's banking day, not covered by insurance or bonds.

**CITY OF HILL CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

Custodial Credit Risk

In the case of deposits, this is the risk that, in the event of a bank’s failure, the City of Hill City’s deposits may not be returned to it. The City does not have a policy for custodial credit risk. At December 31, 2024, the City’s deposits were entirely covered by Federal Deposit Insurance Corporation (FDIC) insurance or collateral in accordance with Minnesota Statutes.

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated “A” or better and revenue obligations rated “AA” or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution not owned or controlled by the financial institution furnishing the collateral.

Cash balances consist of the following at December 31, 2024:

Carrying Balance	Bank Balance
\$ 1,863,671	\$ 1,909,414

B. Investments

The City may invest in the following types of investments as authorized by Minn. Stat. §§ 118A.04 and 118A.05:

- securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as “high risk” by Minn. Stat. § 118A.04, Subd.6;
- mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- general obligations of the state of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- time deposits that are fully insured by the Federal Deposit Insurance Corporation or bankers’ acceptances of United States banks;

**CITY OF HILL CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

- commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

Interest Rate Risk

The risk that changes in interest rates could adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City can manage its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities to meet cash requirements for ongoing operations.

Credit Risk

The risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the City's policy to invest only in securities that meet the ratings requirements set by state statute.

Custodial Credit Risk

The risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Concentration of Credit Risk

The risk of loss that may be caused by the City's investment in a single issuer. The City places no limit on the amount that it may invest in any one issuer.

The City had no investments at December 31, 2024.

C. Interfund Transfer

Fund	Transfer Out	Fund	Transfer In	Reason for Transfer
Sewer	\$ 72,600	Sinking	\$ 72,600	For Bond Payments
General	39,624	Sinking	39,624	For Sale of CD Held for Bond Payments
General	346	Garbage	346	For Closing out Garbage Fund
Police	6,000	General	6,000	For Annual Police Equipment Purchases

**CITY OF HILL CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2024, was as follows:

	Balance Beginning of Year, Restated (1)	Additions	Deletions	Balance End of Year
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Construction-in-Progress	\$ 132,770	\$ 1,899,204	\$ -	\$ 2,031,974
Total Capital Assets, Not Being Depreciated	132,770	1,899,204	-	2,031,974
Capital Assets, Being Depreciated:				
Equipment	-	27,946	-	27,946
Total Capital Assets, Being Depreciated	-	27,946	-	27,946
Less: Accumulated Depreciation:				
Equipment	-	1,937	-	1,937
Total Accumulated Depreciation	-	1,937	-	1,937
Total Capital Assets, Being Depreciated, Net	-	26,009	-	26,009
Total Business-Type Activities Capital Assets, Net	\$ 132,770	\$ 1,925,213	\$ -	\$ 2,057,983

(1) See Note 10 for the restatement of beginning capital asset balance

All capital asset activity is recorded in the water fund.

NOTE 5 LONG-TERM LIABILITIES

A. Compensated Absences

The change in accrued compensated absences for the year ended December 31, 2024, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Other Liabilities:					
Accrued Compensated Absences:					
Other Funds	\$ 19,123	\$ 8,779	\$ -	\$ 27,902	\$ 5,287
Water Fund	3,832	1,759	-	5,591	1,060
Total	\$ 22,955	\$ 10,538	\$ -	\$ 33,493	\$ 6,347

The Water Fund portion on the face of the financials is included in this balance

The change in the compensated absences liability is shown as a net change.

Only a portion of this liability amount is recorded in the fund financial statements of the water fund, the remaining portion is not as the other funds are prepared on the regulatory basis of accounting.

The General, Water, and Sewer Funds will be used to liquidate this liability.

**CITY OF HILL CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

The following is a summary of changes in long-term debt for the year:

Indebtedness	Balance at January 1, 2024	Increases	Decreases	Balance at December 31, 2024	Due Within One Year
Business-Type Activities:					
Sewer Fund:					
General Obligation Bond/Note:					
G.O. Sewer Revenue Refunding	\$ 740,000	\$ -	\$ 25,000	\$ 715,000	\$ 30,000
Water Fund:					
General Obligation Bond/Note:					
G.O. Water Revenue Note, Series 2022A	226,000	-	22,000	204,000	23,000
Temporary G.O. Water Revenue Note 2024A	-	542,000	-	542,000	-
G.O. Revenue Note 2024B	-	209,733	-	209,733	24,350
Total Water Fund	226,000	751,733	22,000	955,733	47,350
Total Indebtedness - Business-Type Activities	\$ 966,000	\$ 751,733	\$ 47,000	\$ 1,670,733	\$ 77,350

Only a portion of this liability amount is recorded in the fund financial statements of the water fund; the remaining portion is not as the other funds are prepared on the regulatory basis of accounting.

The City in 2024 issued \$1,831,350 of General Obligation Revenue Bonds to assist the City in construction a water treatment facility, as of December 31, 2024, the City had only taken draw downs of \$209,733, leaving an undrawn down balance of \$1,621,617, to be used in future periods.

In 2024, the City issued \$542,000 in Temporary General Obligation Revenue Notes 2024A to assist the City with cash flow as the City constructs its new water treatment facility. This bond will be repaid in full on February 1, 2027 in one lump sum payment. The notes carry an interest rate of 5.0%.

B. Bonds and Notes Payable

General Obligation Bonds

Indebtedness	Original Borrowing	Interest Rates	Final Maturity	Outstanding End of Year
Business-Type Activities:				
Sewer Fund:				
General Obligation Bond/Note:				
G.O. Sewer Revenue Refunding	\$ 995,000	1.10-3.90%	2044	\$ 715,000
Water Fund:				
General Obligation Bond/Note:				
G.O. Water Revenue Note, Series 2022A	250,000	3.30%	2032	204,000
Temporary G.O. Water Revenue Note 2024A	542,000	5.05%	2027	542,000
G.O. Revenue Note 2024B	1,831,350	1.02%	2054	209,733
Total Business-Type Activities				\$ 1,670,733

**CITY OF HILL CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

B. Bonds and Notes Payable (Continued)

Debt to Maturity

The debt service requirements for the City of Hill City’s bonds and notes are as follows:

<u>Year Ending December 31,</u>	Business-Type Activities General Obligation Bond/Note	
	Principal	Interest
	2025	\$ 77,350
2026	58,540	75,409
2027	601,540	59,602
2028	60,643	43,762
2029	61,745	41,565
2030-2034	282,341	171,897
2035-2039	235,880	120,679
2040-2044	222,522	63,527
2045-2049	34,163	28,135
2050-2054	36,009	10,812
Total	\$ 1,670,733	\$ 689,333

NOTE 6 FUND BALANCE

December 31, 2024, governmental cash fund balances consist of the following:

	General	Police	Fire	Sinking	Nonmajor Governmental Funds	Total Governmental Funds
Restricted for:						
ARPA Program	\$ 63,930	\$ -	\$ -	\$ -	\$ -	\$ 63,930
Drug	27,199	-	-	-	-	27,199
Economic Development	-	-	-	-	3,389	3,389
Total Restricted	91,129	-	-	-	3,389	94,518
Assigned for:						
Trail	40,550	-	-	-	-	40,550
Office Equipment	5,640	-	-	-	-	5,640
Trees	5,390	-	-	-	-	5,390
Streets	97,786	-	-	-	-	97,786
Advertising and Tourism	314	-	-	-	-	314
Fire Protection	-	-	65,919	-	-	65,919
Debt Service	-	-	-	473,503	-	473,503
Total Assigned	149,680	-	65,919	473,503	-	689,102
Unassigned (Deficit)	364,441	(222,890)	-	-	-	141,551
Total Cash Fund Balances	\$ 605,250	\$ (222,890)	\$ 65,919	\$ 473,503	\$ 3,389	\$ 925,171

**CITY OF HILL CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 7 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. The City has entered into a joint powers agreement with the League of Minnesota Cities Insurance Trust (LMCIT). The LMCIT is a public entity risk pool currently operating as a common risk management and insurance program for Minnesota cities. The agreement for the formation of the LMCIT provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of reserved amounts for each insured event.

The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining. The City has determined that it is not possible to estimate the amount of such additional assessments; however, they are not expected to be material to the financial statements taken as a whole.

NOTE 8 DEFINED BENEFIT PENSION PLAN

The City of Hill City contributes to two defined benefit pension plans, (1) the Statewide General Employees Retirement Fund (GERF), a cost-sharing, multiple-employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA) of Minnesota, which is a statutorily funded plan, and (2) the City of Hill City Police Pension Plan, which is a single-employer pension plan that is actuarially funded, as of and for the year ended June 30, 2024, the two plans had the following balances:

	GERF	PEPFF	Total
Net Pension Liability	\$ 94,123	\$ 164,510	\$ 258,633
Deferred Inflows of Resources	62,956	313,986	376,942
Deferred Outflows of Resources	23,427	354,583	378,010

Only a portion of this liability amount is recorded in the fund financial statements of the water fund, the remaining portion is not as the other funds are prepared on the regulatory basis of accounting. The water fund's portion of the GERF pension plan had the following balances:

	GERF
Water Fund	
Net Pension Liability	\$ 19,914
Deferred Inflows of Resources	4,957
Deferred Outflows of Resources	13,320

**CITY OF HILL CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. General Employees Retirement Fund

Plan Description

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). These plan provisions are established and administered according to Minnesota Statutes chapters 353, 353D, 353E, 353G, and 356. Minnesota Statutes chapter 356 defines each plan's financial reporting requirements. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Plan (General Plan)

Membership in the General Plan includes employees of counties, cities, townships, schools in non-certified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than \$425 in a month, unless the employee meets exclusion criteria.

2. Public Employees Police and Fire Retirement Plan (Police and Fire Plan)

Membership in the Police & Fire Plan includes full-time, licensed police officers and firefighters who meet the membership criteria defined in Minnesota Statutes section 353.64 and who are not earning service credit in any other PERA retirement plan or a local relief association for the same service. Employers can provide Police & Fire Plan coverage for part-time positions and certain other public safety positions by submitting a resolution adopted by the entity's governing body. The resolution must state that the position meets plan requirements.

**CITY OF HILL CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. General Employees Retirement Fund (Continued)

Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service. When a member is “vested,” they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

1. General Employees Plan Benefits

General Employees Plan requires three years of service to vest. Benefits are based on a member’s highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2% of the highest average salary for each of the first 10 years of service and 1.7% for each additional year.

Under the Level formula, General Plan members receive 1.7% of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25% for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. The 2024 annual increase was 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase.

**CITY OF HILL CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. General Employees Retirement Fund (Continued)

Benefits Provided (Continued)

2. Police and Fire Plan Benefits

Benefits for Police and Fire Plan members hired before July 1, 2010, are vested after three years of service. Members hired on or after July 1, 2010, are 50% vested after five years of service and 100% vested after ten years. After five years, vesting increase by 10% each full year of service until members are 100% vested after ten years. Police and Fire Plan members receive 3 percent of highest average salary for all years of service. Police and Fire Plan members receive a full retirement benefit when they are age 55 and vested, or when their age plus their years of service equals 90 or greater if they were first hired before July 1, 1989. Early retirement starts at age 50, and early retirement benefits are reduced by 0.417% each month members are younger than age 55.

Benefit increases are provided to benefit recipients each January. The postretirement increase is fixed at 1%. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a prorated increase.

Contributions

Minnesota Statutes chapters 353, 353E, 353G, and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

1. General Employees Fund Contributions

General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2024 and the City's was required to contribute 7.50% for General Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2024, were \$16,161. The City's contributions were equal to the required contributions as set by state statute.

2. Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2024 and the City's was required to contribute 17.70% for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2024, were \$30,648. The City's contributions were equal to the required contributions as set by state statute.

**CITY OF HILL CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. General Employees Retirement Fund (Continued)

Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2024, the City reported a liability of \$94,123 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the City's totaled \$2,434.

City's Proportionate Share of the Net Pension Liability	\$	94,123
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City		2,434
Total	<u>\$</u>	<u>96,557</u>

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The [entity's] proportion of the net pension liability was based on the [entity's] contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.25 percent at the end of the measurement period and 0.25 percent for the beginning of the period.

For the year ended December 31, 2024, the City recognized pension expense of \$94,123 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$30 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

During the plan year ended June 30, 2024, the state of Minnesota contributed \$170.1 million to the General Employees Fund. The state of Minnesota is not included as a nonemployer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$4,331 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota's on-behalf contributions to the General Employees Fund.

**CITY OF HILL CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. General Employees Retirement Fund (Continued)

Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 8,851	\$ -
Changes in Actuarial Assumptions	460	35,624
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	27,332
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	4,946	-
City Contributions Subsequent to the Measurement Date	9,170	-
Total	\$ 23,427	\$ 62,956

The \$23,427 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31.</u>	Pension Expenses Amount
2025	\$ (26,279)
2026	(4,398)
2027	(10,810)
2028	(7,212)
2029	-
Total	\$ (48,699)

**CITY OF HILL CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. General Employees Retirement Fund (Continued)

Pension Costs (Continued)

2. Police and Fire Fund Pension Costs

At December 31, 2024, the City reported a liability of \$164,510 for its proportionate share of the Police and Fire Fund’s net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The [entity’s] proportionate share of the net pension liability was based on the [entity’s] contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA’s participating employers. The City’s proportionate share was 1.25 percent at the end of the measurement period and 0.84 percent for the beginning of the period.

The state of Minnesota contributed \$37.4 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2024. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation, additional one-time direct state aid contribution of \$19.4 million, and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. Additionally, \$9 million supplemental state aid was paid on October 1, 2024. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later. The state of Minnesota’s proportionate share of the net pension liability associated with the City totaled \$6,271.

City’s Proportionate Share of the Net Pension Liability	\$ 164,510
State of Minnesota’s Proportionate Share of the Net Pension Liability Associated with the City	6,271
Total	\$ 170,781

For the year ended December 31, 2024, the City recognized pension expense of \$164,510 for its proportionate share of the Police and Fire Plan’s pension expense. The City recognized \$2,465 as grant revenue and pension expense for its proportionate share of the State of Minnesota’s pension expense for the contribution of \$9 million to the Police and Fire Fund special funding situation.

**CITY OF HILL CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. General Employees Retirement Fund (Continued)

Pension Costs (Continued)

2. Police and Fire Fund Pension Costs (Continued)

The state of Minnesota is not included as a nonemployer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$28.4 million in supplemental state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$3,551 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota’s on-behalf contributions to the Police and Fire Fund.

At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 64,111	\$ -
Changes in Actuarial Assumptions	180,839	242,245
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	53,490
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	91,510	18,251
City Contributions Subsequent to the Measurement Date	18,123	-
Total	\$ 354,583	\$ 313,986

**CITY OF HILL CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. General Employees Retirement Fund (Continued)

Pension Costs (Continued)

2. Police and Fire Fund Pension Costs (Continued)

The \$354,583 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expenses Amount</u>
2025	\$ 1,151
2026	58,427
2027	(8,736)
2028	(44,183)
2029	15,815
Total	<u>\$ 22,474</u>

Long-Term Expected Return on Investment

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	33.50 %	5.10%
International Equity	16.50	5.30%
Fixed Income	25.00	0.75%
Private Markets	25.00	5.90%
Totals	<u>100.00 %</u>	

**CITY OF HILL CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. General Employees Retirement Fund (Continued)

Actuarial Methods and Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2024, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7%. The 7% assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7% is within that range.

- Inflation is assumed to be 2.25% for the General Employees Plan, Police & Fire Plan, and the Correctional Plan.
- Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan, 1% for the Police & Fire Plan, and 2% for the Correctional Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3% after 27 years of service. In the Police & Fire Plan, salary growth assumptions range in annual increments from 11.75% after one year of service to 3% after 24 years of service. In the Correctional Plan, salary growth assumptions range from 11% at age 20 to 3% at age 60.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police & Fire Plan and the Correctional Plan are based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation. The Police & Fire Plan and Correctional Plan were reviewed in 2024. PERA anticipates the experience study will be approved by the Legislative Commission on Pensions and Retirement and become effective with the July 1, 2025 actuarial valuation.

**CITY OF HILL CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. General Employees Retirement Fund (Continued)

Actuarial Methods and Assumptions (Continued)

The following changes in actuarial assumptions and plan provisions occurred in 2024:

General Employees Fund

Changes in Actuarial Assumptions:

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions:

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

Police and Fire Fund

Changes in Plan Provisions:

- The State contribution of \$9.0 million per year will continue until the earlier of 1) both the Police & Fire Plan and the State Patrol Retirement Fund attain 90% funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90% funded status for one year.
- The additional \$9.0 million contribution will continue until the Police & Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees, Police and Fire, and Correctional Plans were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF HILL CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. General Employees Retirement Fund (Continued)

Pension Liability Sensitivity

The following presents the City’s proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

GERF PENSION LIABILITY	1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Description			
City’s Proportionate Share of the GERF Net Pension Liability	\$ 205,579	\$ 94,123	\$ 2,440
PEPFF PENSION LIABILITY	1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Description			
City’s Proportionate Share of the PEPFF Net Pension Liability	\$ 388,768	\$ 164,510	\$ (19,654)

Pension Plan Fiduciary Net Position

Detailed information about each pension plan’s fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org .

B. Statewide Volunteer Firefighter Retirement Plan

1. Plan Description

The Hill City Fire Department participates in the Statewide Volunteer Firefighter Retirement Plan (SVF), an agent multiple-employer lump-sum defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). The SVF plan covers volunteer firefighters of municipal fire departments or independent nonprofit firefighting corporations that have elected to join the plan. As of December 31, 2024, the plan covered 21 active firefighters and 16 vested terminated firefighters whose pension benefits are deferred. This plan is established and administered in accordance with Minnesota State Statutes, Chapter 353G.

**CITY OF HILL CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Statewide Volunteer Firefighter Retirement Plan (Continued)

2. Benefits Provided

The SVF provides lump-sum retirement, death, and supplemental benefits to covered firefighters and survivors. Benefits are paid based on the number of years of service multiplied by a benefit level per year of service approved by the City. The benefit is selected from 71 possible levels in \$100 increments ranging from \$500 to \$7,500 per year of service. Members are eligible for a lump-sum retirement benefit at 50 years of age with five years of service. Plan provisions include a pro-rated vesting schedule that increases from five years at 40% through 20 years at 100%.

3. Contributions

The SVF is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota State Statutes, and voluntary City contributions. The state of Minnesota contributed \$1,125 in fire state aid to the plan on behalf of the Hill City Fire Department for the year ended December 31, 2024. Required employer contributions are calculated annually based on statutory provisions. The City did not have any statutorily required contributions to the SVF plan for the year ended December 31, 2024.

NOTE 9 OTHER NOTES

A. Contracts

Savage Communications, Inc.

The City holds a franchise agreement with Savage Communications, Inc, locally known as SCI. The agreement provides that the franchisee shall pay the City 5% of the annual gross cable revenues. In 2024 the City received \$3,411 in franchise taxes. The City also has a tower lease agreement with SCI whereby the City receives \$1,620 annually.

B. Commitments

The City has a contract for the construction of a new water treatment plant in the amount of \$8,187,000 with a remaining commitment of \$6,890,430.

**CITY OF HILL CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 10 RESTATEMENT OF BEGINNING NET POSITION AND FUND BALANCE

During the year ended December 31, 2024, beginning net position of the governmental activities, business-type activities, the water fund, the police fund, and the fire fund. The water fund was restated due to converting the fund from cash basis to full accrual related to recognizing construction in progress and debt. The police fund was restated due to being presented as nonmajor to major fund. The fire fund and first responders fund were both restated due to first responders fund being presented as a nonmajor and now being combined with the fire fund as a major fund. The restatements are as follows:

	Funds				
	Water	Police	Fire	Nonmajor Governmental Funds	Business-Type Funds
December 31, 2023, As Previously Reported	\$ 148,585	\$ -	\$ 51,630	\$ 19,344	\$ 589,521
Change in Fund Presentation from Nonmajor to Major	-	17,197	(1,242)	(15,955)	-
Change in Accounting Principle	(81,750)	-	-	-	(81,750)
December 31, 2023, As Adjusted	\$ 66,835	\$ 17,197	\$ 50,388	\$ 3,389	\$ 507,771

A. Changes to or within Financial Reporting Entity

Change in Fund Presentation from Major to Nonmajor

The police fund previously met the criteria to be reported as a nonmajor governmental fund. However, effective July 1, 2023, the fund no longer met the criteria to be reported as a nonmajor fund and is reported as a major governmental fund for the fiscal year ended June 30, 2024. The effect of that change to or within the financial reporting entity is shown in the table above.

The first responders fund previously met the criteria to be reported as a nonmajor governmental fund. However, effective July 1, 2023, the fund no longer met the criteria to be reported as a nonmajor fund and is reported as a major governmental fund with the fire fund for the fiscal year ended June 30, 2024. The effect of that change to or within the financial reporting entity is shown in the table above.

B. Change in Accounting Principle in Previously Issued Financial Statements

During fiscal year 2024, City of Hill City determined that the water fund is to be converted from cash basis to full accrual. Therefore, the City’s water fund’s beginning fund balance related to capital assets, net of depreciation, was understated by \$132,770 for the fiscal year ended June 30, 2023. In addition, the City’s water fund’s beginning fund balance was overstated by \$226,000 related to debt issued for the fiscal year ended June 30, 2023. The City’s water fund’s beginning fund balance was understated \$11,480 related to utility billing revenue for December 2023 being received in 2024, which results in a combined decrease of \$81,750 on the prior year’s change in net position. The effect of the change is shown above.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HILL CITY
SCHEDULE OF CITY'S AND NONEMPLOYER PROPRORTIONATE SHARE OF NET PENSION
LIABILITY AND SCHEDULE OF CITY CONTRIBUTION –
GENERAL EMPLOYEE RETIREMENT FUND
YEAR ENDED DECEMBER 31, 2024

GERF Schedule of the City’s Proportionate Share of the Net Pension Liability*

	Measurement Date 6/30/2024
City’s Proportion of the Net Pension Liability	0.0025%
City’s Proportionate Share of the Net Pension Liability	\$ 94,123
State's Proportionate Share of the Net Pension Liability Associated with the City	2,434
Total	\$ 96,557
City’s Covered Payroll	\$ 214,879
City’s Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	44.94%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.08%

* The Amounts Presented for Each Fiscal Year were Determined as of 6/30.
 * This is the First Year of Presentation. Will Display Ten Years Once Available

GERF Schedule of City Contributions*

Statorily Required Contribution	\$ 17,620
Contributions in Relation to the Statorily Required Contribution	(17,620)
Contribution Deficiency (Excess)	\$ -
City’s Covered Payroll	\$ 234,933
Contributions as a Percentage of Covered Payroll	7.50%

* This is the First Year of Presentation. Will Display Ten Years Once Available

CITY OF HILL CITY
SCHEDULE OF CITY'S AND NONEMPLOYER PROPRORTIONATE SHARE OF NET PENSION
LIABILITY AND SCHEDULE OF CITY CONTRIBUTION –
PUBLIC EMPLOYEE POLICE AND FIRE FUND
YEAR ENDED DECEMBER 31, 2024

PEPFF Schedule of the City’s Proportionate Share of the Net Pension Liability*

	Measurement Date 6/30/2024
City’s Proportion of the Net Pension Liability	0.0125%
City’s Proportionate Share of the Net Pension Liability	\$ 164,510
State's Proportionate Share of the Net Pension Liability Associated with the City	6,271
Total	\$ 170,781
 City’s Covered Payroll	\$ 173,408
 City’s Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	94.87%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.17%

* The Amounts Presented for Each Fiscal Year were Determined as of 6/30.
 * This is the First Year of Presentation. Will Display Ten Years Once Available

PEPFF Schedule of City Contributions*

Statorily Required Contribution	\$ 34,764
Contributions in Relation to the Statorily Required Contribution	(34,764)
Contribution Deficiency (Excess)	\$ -
 City’s Covered Payroll	\$ 196,407
 Contributions as a Percentage of Covered Payroll	17.70%

* This is the First Year of Presentation. Will Display Ten Years Once Available

**CITY OF HILL CITY
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024**

NOTE 1 PENSION INFORMATION

General Employees Retirement Fund

2024 Changes

Changes in Actuarial Assumptions:

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

2023 Changes

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 6.5% to 7.00%

Changes in Plan Provisions

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, noncompounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump-sum for calendar year 2024 by March 31, 2024.

2022 Changes

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

**CITY OF HILL CITY
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024**

NOTE 1 PENSION INFORMATION (CONTINUED)

General Employees Retirement Fund (Continued)

2021 Changes

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years two through five and slightly higher thereafter.

Changes in Actuarial Assumptions (Continued):

- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions:

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

**CITY OF HILL CITY
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024**

NOTE 1 PENSION INFORMATION (CONTINUED)

General Employees Retirement Fund (Continued)

2019 Changes

Changes in Actuarial Assumptions:

- The morality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions:

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 Changes

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

Changes in Plan Provisions:

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00% , beginning July 1, 2018.
- Deferred augmentation was changed to 0.00% , effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**CITY OF HILL CITY
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024**

NOTE 1 PENSION INFORMATION (CONTINUED)

General Employees Retirement Fund (Continued)

2017 Changes

Changes in Actuarial Assumptions:

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and nonvested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability, and 3.0% for nonvested deferred member liability.
- The assumed postretirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

Changes in Plan Provisions

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2016 Changes

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.

Changes in Actuarial Assumptions (Continued):

- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.5% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% per year thereafter.

Changes in Plan Provisions:

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

**CITY OF HILL CITY
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024**

NOTE 1 PENSION INFORMATION (CONTINUED)

Public Employees Police and Fire Fund

2024 Changes

Change in Actuarial Assumptions:

- There has been no changes since the prior valuation

Changes in Plan Provisions:

- The State contribution of \$9.0 million per year will continue until the earlier of 1) both the Police & Fire Plan and the State Patrol Retirement Fund attain 90% funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90% funded status for one year.
- The additional \$9.0 million contribution will continue until the Police & Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

2023 Changes

Change in Actuarial Assumptions:

- The investment return assumption was changed from 6.5% to 7.00%.
- The single discount rate changed from 5.4% to 7.0%.

Changes in Plan Provisions

- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50 percent vesting after five years, increasing incrementally to 100 percent after 10 years.
- A one-time, noncompounding benefit increase of 3.0% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

**CITY OF HILL CITY
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024**

NOTE 1 PENSION INFORMATION (CONTINUED)

Public Employees Police and Fire Fund (Continued)

2022 Changes

Change in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.50% to 5.40%.

2021 Changes

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

2020 Changes

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2018 to MP-2019.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2017 to MP-2018.

**CITY OF HILL CITY
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024**

NOTE 1 PENSION INFORMATION (CONTINUED)

Public Employees Police and Fire Fund (Continued)

2019 Changes (Continued)

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2016 to MP-2017.

Changes in Plan Provisions:

- Postretirement benefit increases were changed to 1.00% for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100% funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80% to 11.30% of pay, effective January 1, 2019 and 11.80% of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20% to 16.95% of pay, effective January 1, 2019 and 17.70% of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions:

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30% for vested and nonvested deferred members. The CSA has been changed to 33% for vested members and 2% for nonvested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.

**CITY OF HILL CITY
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024**

NOTE 1 PENSION INFORMATION (CONTINUED)

Public Employees Police and Fire Fund (Continued)

2017 Changes (Continued)

Changes in Actuarial Assumptions (Continued):

- Assumed termination rates were decreased to 3.0% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed postretirement benefit increase rate was changed from 1.0% for all years to 1.0% per year through 2064 and 2.5% thereafter.
- The single discount rate changed from 5.6% to 7.5% per annum.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2016 Changes

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.05% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.5% for inflation.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2015 Changes

Changes in Plan Provisions:

- The postretirement benefit increase to be paid after attainment of the 90% funding threshold was changed, from inflation up to 2.5%, to a fixed rate of 2.5%.

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2037 and 2.5% per year thereafter.

SUPPLEMENTARY INFORMATION

CITY OF HILL CITY
BUDGETARY COMPARISON SCHEDULE – REGULATORY BASIS
GENERAL FUND
YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Property Taxes:				
Current, Delinquent, Penalties, and Interest	\$ 131,067	\$ 131,067	\$ 154,349	\$ 23,282
Franchise Taxes	5,000	5,000	3,441	(1,559)
Total Property Taxes	136,067	136,067	157,790	21,723
Licenses and Permits:				
Business	5,620	5,620	5,695	75
Nonbusiness	1,520	1,520	4,380	2,860
Total Licenses and Permits	7,140	7,140	10,075	2,935
Intergovernmental:				
State Grants:				
Local Government Aid	170,157	170,157	170,157	-
Other	7,000	7,000	77,128	70,128
County:				
Other	3,200	3,200	5,187	1,987
Total Intergovernmental	180,357	180,357	252,472	72,115
Charges for Services:				
General Government	4,350	4,350	3,565	(785)
Parks and Recreation	41,825	41,825	51,267	9,442
Total Charges for Services	46,175	46,175	54,832	8,657
Fines and Forfeits	-	-	1,361	1,361
Miscellaneous:				
Interest Earnings	75	75	25,904	25,829
Contributions and Donations	2,500	2,500	39,773	37,273
Refunds and Reimbursements	3,300	3,300	7,492	4,192
Other	-	-	11,366	11,366
Total Miscellaneous	5,875	5,875	84,535	78,660
Total Receipts	375,614	375,614	561,065	185,451
OTHER FINANCING SOURCES				
Sale of Capital Assets	-	-	1,929	1,929
Transfers in	72,600	72,600	6,000	(66,600)
Total Other Financing Sources	72,600	72,600	7,929	(64,671)
Total Receipts and Other Financing Sources	448,214	448,214	568,994	120,780

CITY OF HILL CITY
BUDGETARY COMPARISON SCHEDULE – REGULATORY BASIS
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
DISBURSEMENTS				
General Government:				
Mayor and Council	\$ 12,817	\$ 12,817	\$ 14,135	\$ 1,318
Elections	4,630	4,630	4,144	(486)
Finance-Municipal Clerk/Treasurer	114,416	114,416	103,323	(11,093)
Independent Accounting and Auditing	21,000	21,000	15,450	(5,550)
Legal	3,708	3,708	3,090	(618)
City Hall and Other General Government:	63,492	63,492	109,849	46,357
Capital Outlay	500	500	78,851	78,351
Total General Government	220,563	220,563	328,842	108,279
Public Safety:				
Police Protection:				
Current	-	-	2,990	2,990
Public Works:				
Street Department:				
Current	70,505	70,505	67,967	(2,538)
Capital Outlay	1,000	1,000	12,000	11,000
Ice and Snow Removal:				
Current	34,633	34,633	25,235	(9,398)
Street Lighting	15,600	15,600	13,197	(2,403)
Maintenance	300	300	127	(173)
Total Public Works	122,038	122,038	118,526	(3,512)
Culture and Recreation:				
Parks and Campground:				
Current	69,688	69,688	56,690	(12,998)
Capital Outlay	1,000	1,000	4,524	3,524
Trail:				
Current	30,312	30,312	34,691	4,379
Capital Outlay	500	500	-	(500)
Total Culture and Recreation	101,500	101,500	95,905	(5,595)
Airport:				
Current	-	-	15,618	15,618
Capital Outlay	-	-	73,728	73,728
Total Airport	-	-	89,346	89,346
Total Disbursements	444,101	444,101	635,609	191,508

**CITY OF HILL CITY
 BUDGETARY COMPARISON SCHEDULE – REGULATORY BASIS
 GENERAL FUND (CONTINUED)
 YEAR ENDED DECEMBER 31, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OTHER FINANCING USES				
Transfers Out	\$ (29,560)	\$ (29,560)	\$ (39,278)	\$ (9,718)
Total Disbursements and Other Financing Uses	414,541	414,541	674,887	181,790
NET CHANGE IN CASH FUND BALANCE	33,673	33,673	(105,893)	(61,010)
Cash Fund Balance - Beginning of Year	1,031,000	1,049,150	711,143	(338,007)
CASH FUND BALANCE - END OF YEAR	\$ 1,064,673	\$ 1,082,823	\$ 605,250	\$ (399,017)

CITY OF HILL CITY
BUDGETARY COMPARISON SCHEDULE – REGULATORY BASIS
POLICE FUND
YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Property Taxes:				
Current, Delinquent, Penalties, and Interest	\$ 100,000	\$ 100,000	\$ 97,763	\$ (2,237)
Intergovernmental:				
State Grants:				
Police Aid	12,200	12,200	24,173	11,973
Charges for Services:				
Police Services	30,000	30,000	13,508	(16,492)
Fines and Forfeits	43,800	43,800	3,643	(40,157)
Miscellaneous:				
Refunds and Reimbursements	3,000	3,000	6,624	3,624
Total Receipts	189,000	186,000	145,711	(43,289)
DISBURSEMENTS				
Public Safety:				
Police Protection:				
Current	270,031	270,031	325,082	55,051
Capital Outlay	2,100	2,100	54,716	52,616
Total Public Safety	272,131	272,131	379,798	107,667
Total Disbursements	272,131	272,131	379,798	107,667
OTHER FINANCING USES				
Transfers Out	(6,000)	(6,000)	(6,000)	-
Total Disbursements and Other Financing Uses	278,131	278,131	385,798	107,667
NET CHANGE IN CASH FUND BALANCE	(89,131)	(92,131)	(240,087)	(150,956)
Cash Fund Balance - Beginning of Year	-	-	-	-
Adjustment - See Note 10	-	-	17,197	-
Cash Fund Balance - Beginning, As Adjusted	-	-	17,197	-
CASH FUND BALANCE - END OF YEAR	\$ (89,131)	\$ (92,131)	\$ (222,890)	\$ (150,956)

**CITY OF HILL CITY
BUDGETARY COMPARISON SCHEDULE – REGULATORY BASIS
FIRE FUND
YEAR ENDED DECEMBER 31, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Property Taxes:				
Current, Delinquent, Penalties, and Interest	\$ 28,943	\$ 28,943	\$ 32,774	\$ 3,831
Charges for Services:				
Fire Contracts	52,247	52,247	61,602	9,355
Miscellaneous:				
Contributions and Donations	-	-	56,255	56,255
Refunds and Reimbursements	-	-	15,331	15,331
Other	-	-	7,000	7,000
Total Miscellaneous	-	-	78,586	78,586
Total Receipts	81,190	81,190	172,962	91,772
DISBURSEMENTS				
Public Safety:				
Fire Protection:				
Current	81,190	81,190	101,396	20,206
Capital Outlay	-	-	56,035	56,035
Total Disbursements	81,190	81,190	157,431	76,241
NET CHANGE IN CASH FUND BALANCE	-	-	15,531	15,531
Cash Fund Balance - Beginning of Year	1,504	1,504	51,630	50,126
Adjustment - See Note 10	-	-	(1,242)	(1,242)
Cash Fund Balance - Beginning, As Adjusted	1,504	1,504	50,388	48,884
CASH FUND BALANCE - END OF YEAR	\$ 1,504	\$ 1,504	\$ 65,919	\$ 64,415

CITY OF HILL CITY
COMBINING STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS
REGULATORY BASIS
NONMAJOR GOVERNMENT FUNDS
DECEMBER 31, 2024

	Special Revenue Funds			
	Housing Rehabilitation	First Responders	Police	Total
ASSETS				
Cash and Cash Equivalents	\$ 3,389	\$ -	\$ -	\$ 3,389
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Cash and Cash Equivalents Deficit	\$ -	\$ -	\$ -	\$ -
FUND BALANCES				
Restricted	3,389	-	-	3,389
Total Liabilities and Fund Balances	\$ 3,389	\$ -	\$ -	\$ 3,389

CITY OF HILL CITY
COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN
CASH FUND BALANCES – REGULATORY BASIS
NONMAJOR GOVERNMENT FUNDS
YEAR ENDED DECEMBER 31, 2024

	Special Revenue Funds			
	Housing Rehabilitation	First Responders	Police	Total
RECEIPTS				
Fines and Forfeitures	\$ -	\$ -	\$ -	\$ -
Contributions and Donations	-	-	-	-
Total Receipts	-	-	-	-
DISBURSEMENTS				
Public Safety	-	-	-	-
CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	3,389	(1,242)	17,197	19,344
Adjustment - See Note 10	-	1,242	(17,197)	(15,955)
Fund Balance - Beginning, As Adjusted	3,389	-	-	3,389
FUND BALANCE - END OF YEAR	\$ 3,389	\$ -	\$ -	\$ 3,389

**OTHER INFORMATION
(UNAUDITED)**

**CITY OF HILL CITY
SCHEDULE OF ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2024**

<u>Fund</u>	<u>Source of Revenue and Purpose</u>		<u>Amount</u>
Fire	Various	Reimbursement	\$ 724
General	Various	City Services	613
General	Aitkin County	Property Taxes	8,974
General	George Casper	Uniform Reimbursement	54
General	SCI Broadband	Franchise Fees	3,864
Police	Aitkin County	Fines	23
			<hr/>
Total			<u>\$ 14,252</u>

**CITY OF HILL CITY
SCHEDULE OF ACCOUNTS PAYABLE
YEAR ENDED DECEMBER 31, 2024**

Fund	Vedor Name and Purpose	Check Number	Amount
Fire	AT&T Mobility	Communication	23713
Fire	Brandi Caverly	Operating/Cleaning	23698
Fire	Cintas	Operating/Cleaning	23693
Fire	MN State Fire Chief's Assn.	Dues & Subscriptions	23682
Fire	Napa Auto Parts	Repair & Maintenance	23702
Fire	Roadside Market	Fuel	23684
Fire	Sunny's	Fuel	23683
Fire	Volunteer Firefighters Benefits Assn	Insurance	23676
General	Acheson Tire	Repair & Maintenance	23701
General	AT&T Mobility	Communication	23713
General	Brad Person	Legal Fees	23689
General	Central McGowan Inc.	Operating Supplies	23686
General	Central Pension Fund	Employee pd Union Pension	23704
General	Central Pension Fund	Employer pd Union Pension	23704
General	CentruyLink	Communication	23703
General	Cintas	Operating/Cleaning	23693
General	Cintas	Uniform Exp.	23693
General	Civic Plus LLC	Dues & Subscriptions	23697
General	Cole Hardware	Repair & Maintenance	23699
General	Corporate Payment Systems	Dues & Subscriptions	23705
General	Corporate Payment Systems	Miscellaneous	23705
General	Corporate Payment Systems	Office Supplies	23705
General	Corporate Payment Systems	Office Supplies/Training	23705
General	Corporate Payment Systems	Operating Supplies	23705
General	Corporate Payment Systems	Repair & Maintenance	23705
General	Gopher State One Call	Communication	23685
General	L & M Supply	Operating Supplies	23700
General	L & M Supply	Operating/Lubricants	23700
General	L & M Supply	Repair & Maintenance	23700
General	League of MN Cities	Dues & Subscriptions	23696
General	Marco Technologies	Contracted Services	23692
General	McGough Inc.	Operating Supplies	23712
General	Roadside Market	Fuel	23684
General	Roadside Market	Operating Supplies	23684
General	RTS	Communication	23695
General	Sci Broadband	Contracted Services	23687
General	Sunny's	Fuel	23683
Police	AT&T Mobility	Communication	23713
Police	CentruyLink	Communication	23703
Police	Corporate Payment Systems	Dues & Subscriptions	23705
Police	Corporate Payment Systems	Operating Supplies	23705
Police	Corporate Payment Systems	Operating/Fuels	23705
Police	Corporate Payment Systems	Repair & Maintenance	23705
Police	Corporate Payment Systems	Uniform Exp.	23705
Police	RTS	Communication	23695
Police	Sunny's	Fuel	23683
Sewer	Bolton & Menk	Professional Services	23680
Sewer	Central McGowan Inc.	Operating Supplies	23686
Sewer	CentruyLink	Communication	23703
			\$ 31,793



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND REPORT ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Members of the City Council
City of Hill City
Hill City, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statements of balances arising from cash transactions of each major governmental fund, the aggregate nonmajor governmental funds, the Sewer Fund, the Garbage Fund, and the financial position of the Water Fund of City of Hill City, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's statements of cash receipts, disbursements, and changes in cash fund balances or cash net position of each governmental fund, the aggregate nonmajor governmental funds, the Sewer Fund, the Garbage Fund, and the changes in net position of the Water Fund and the statement of cash flows of the Water Fund, and have issued our report thereon dated November 26, 2025. We expressed an adverse opinion on U.S. generally accepted accounting principles because the financial statements are prepared on a basis of accounting that demonstrates compliance with the regulatory basis of accounting prescribed or permitted by the Minnesota Office of the State Auditor, which practices differ from accounting principles generally accepted in the United States of America. However, our opinion was unmodified on the financial statements presented under this regulatory basis.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Hill City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Hill City's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Hill City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Honorable Mayor and Members of the City Council
City of Hill City

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

We identified certain deficiencies in internal control, described in the accompanying schedule of findings and recommendations as items 2024-001, 2024-002, and 2024-003, that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Hill City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

City of Hill City’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Hill City’s response to the findings identified in our audit and described in the accompanying schedule of findings and recommendations. City of Hill City’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
November 26, 2025



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**INDEPENDENT AUDITORS' REPORT ON
MINNESOTA LEGAL COMPLIANCE**

Honorable Mayor and Members of the City Council
City of Hill City
Hill City, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the statements of balances arising from cash transactions of each major governmental fund, the aggregate nonmajor governmental funds, the Sewer Fund, the Garbage Fund, and the financial position of the Water Fund of City of Hill City as of and for the year ended December 31, 2024, and the related statements of cash receipts, disbursements, and changes in cash fund balances or cash net position of each governmental fund, the aggregate nonmajor governmental funds, the Sewer Fund and Garbage Fund, and the changes in net position and the statement of cash flows of the Water Fund, and the related notes to the financial statements, and have issued our report thereon dated November 26, 2025.

In connection with our audit, nothing came to our attention that caused us to believe that City of Hill City failed to comply with provisions of contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

This report is intended solely for the information and use of those charged with governance and management of City of Hill City and the State Auditor and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
November 26, 2025

CITY OF HILL CITY
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2024

Section I – Financial Statement Findings

2024 – 001 – Segregation of Duties

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: The City does not have enough staff to adequately separate duties in cash receipts, cash disbursements, accounts payable and purchasing, payroll and related liabilities, and general ledger maintenance and reconciliation.

Criteria or specific requirement: A good system of internal control requires an adequate segregation of duties so that no one individual has incompatible responsibilities. No one person should have more than one duty relating to the authorization (approval), custody of assets (check signers), record keeping and reconciliation function.

Effect: Inadequate segregation of duties could adversely affect the City's ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions.

Repeat Finding: No.

Cause: There is a limited amount of office employees involved in the internal control process.

Recommendation: We recommend that the functions should be reviewed to determine if additional segregation of duties is feasible and to improve efficiency and effectiveness of financial management and financial statement accuracy for the City. Segregation of authorization, custody of assets, record keeping, and reconciliation functions would assist in mitigating the risk of fraud or misstatements to the financial statements.

Views of responsible official: Management does not disagree with the finding.

2024 – 002 – Preparation of Financial Statements

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: The City does not have an internal control system designed to provide for the preparation of the financial statements being audited. The auditors were requested to, and did, draft the financial statements and accompanying notes to the financial statements.

Criteria or specific requirement: A good system of internal accounting control contemplates an adequate system for internally preparing the City's financial statements.

Effect: The disclosures in the financial statements could be incomplete.

Repeat Finding: No.

Cause: The City does not have an internal control system designed to provide for the preparation of the financial statements being audited.

CITY OF HILL CITY
SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

Section I – Financial Statement Findings (Continued)

Recommendation: It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Views of responsible official: Management does not disagree with the finding.

2024 – 003 – Accrual Basis Conversion

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: During the current fiscal year, the City transitioned its Water Fund from a cash basis (or regulatory basis) to full accrual accounting, consistent with the requirements for enterprise funds under GASB standards. This change was prompted by the issuance of long-term debt within the Water Fund, necessitating the recognition of related liabilities and assets under the economic resources measurement focus and accrual basis of accounting.

Criteria or specific requirement: Under generally accepted accounting principles (GAAP) and the requirements of GASB Statement No. 34, enterprise funds such as the Water Fund must be reported using the economic resources measurement focus and accrual basis of accounting. This includes recognizing all long-term assets and liabilities, properly capitalizing infrastructure and other capital assets, and maintaining accurate records for depreciation and asset valuation. Financial statements should present materially accurate balances for capital assets and related disclosures to ensure compliance with GASB standards and to support the issuance of an unmodified audit opinion.

Effect: While the City has appropriately recorded the long-term debt associated with the Water Fund, capital assets have not yet been fully reconciled or restated to reflect accurate year-end balances. As a result, the financial statements will receive a modified opinion until capital asset balances are complete and materially correct.

Repeat Finding: No.

Cause: Historically, the City prepared its financial statements using a cash or regulatory basis, which does not require the recognition of long-term liabilities or capital assets. The issuance of debt triggered the need to adopt full accrual accounting for the Water Fund to ensure compliance with GASB reporting requirements.

Recommendation: We recommend that the City continue its efforts to identify, value, and record all capital assets associated with the Water Fund in accordance with GASB Statement No. 34 and related guidance. This includes establishing procedures for asset capitalization, depreciation, and ongoing maintenance of asset records. Full implementation will support the issuance of an unmodified opinion in future periods.

Views of responsible official: Management does not disagree with the finding.

**CITY OF HILL CITY
SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

Section II – MN Legal Compliance Findings

No findings were noted related to Minnesota legal compliance which would be required to be reported.



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Honorable Mayor and Members of the City Council
City of Hill City
Hill City, Minnesota

We have audited the statements of balances arising from cash transactions of each major governmental fund, the aggregate nonmajor governmental funds, the Sewer Fund, the Garbage Fund, and the financial position of the Water Fund of City of Hill City as of and for the year ended December 31, 2024, and have issued our report thereon dated November 26, 2025. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit in our statement of work dated January 21, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Hill City are described in Note 1 to the financial statements.

As described in Note 1, the entity changed accounting policies related to compensated absences by adopting Statement of Governmental Accounting Standards Board (GASB Statement) No. 101, *Compensated Absences*, in 2024.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Significant unusual transactions

We identified no significant unusual transactions.

Honorable Mayor and Members of the City Council
City of Hill City
Page 2

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

The following material misstatements detected as a result of audit procedures were corrected by management:

- Cash to accrual conversion of the Water Fund
- Pension entries
- Capital asset entries

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Circumstances that affect the form and content of the auditors' report

As previously communicated to you, the report was modified to include an adverse opinion related to the City presenting on a basis of accounting that is prescribed by the Minnesota Office of the State Auditor and a modification for not recording capital assets in the Water enterprise fund prior to January 1, 2024.

Management representations

We have requested certain representations from management that are included in the management representation letter dated November 26, 2025.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Required supplementary information

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management’s responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

Supplementary information in relation to the financial statements as a whole

With respect to the combining and individual statements and budgetary comparison schedules (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated November 26, 2025.

The combining and individual statements and budgetary comparison schedules accompanying the financial statements, which is the responsibility of management, were prepared for purposes of additional analysis and are not a required part of the financial statements. Such information was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we did not express an opinion or provide any assurance on it.

Other information included in annual reports

Other information (financial or nonfinancial information other than the financial statements and our auditors’ report thereon) is being included in your annual report and is comprised of the schedule of accounts receivable and schedule of accounts payable. Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinion on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in your annual report. We are required by professional standards to read the other information included in your annual report and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors’ report thereon may be undermined by material inconsistencies between the audited financial statements and other information. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. Our auditors’ report on the financial statements includes a separate section, “Other Information,” which states we do not express an opinion or any form of assurance on the other information included in the annual report. We did not identify any material inconsistencies between the other information and the audited financial statements.

Honorable Mayor and Members of the City Council
City of Hill City
Page 4

* * *

This communication is intended solely for the information and use of the City Council and management of City of Hill City and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
November 26, 2025



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Management
City of Hill City
Hill City, Minnesota

In planning and performing our audit of the financial statements of City of Hill City as of and for the year ended December 31, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the entity's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and other matters that are opportunities to strengthen your internal control and improve the efficiency of your operations. Our comments and suggestions regarding those matters are summarized below. This letter does not affect our report on the financial statements dated November 26, 2025, nor our internal control communication dated November 26, 2025.

Fund Balance Policy

The City does not have a formally adopted fund balance policy, which limits its ability to provide a clear framework for prioritizing the use of resources when multiple classifications are available. Without such a policy, there is an increased risk of inconsistent or nontransparent financial decisions, particularly during budget shortfalls or emergencies. We recommend that the City develop and formally adopt a comprehensive fund balance policy that defines the order of resource application, establishes guidelines for minimum fund balance levels and conditions for use, and includes a plan for replenishment if fund balances fall below target thresholds. This policy should be approved by the City's highest level of decision-making authority and disclosed in the notes to the financial statements as required by GASB Statement No. 54.

Investment Policy

The City does not have a formally adopted investment policy, which limits its ability to provide a structured framework for safeguarding public funds. Without such a policy, the City is exposed to increased financial risk, including the possibility of inappropriate investment choices or insufficient diversification, and may face challenges in maintaining compliance with GASB disclosure requirements. The absence of a clear policy also creates the potential for inconsistent practices across departments or fiscal years. We recommend that the City develop and formally adopt an investment policy that specifies authorized investment types and prohibited instruments, establishes risk management guidelines including diversification and maturity limits, outlines custodial and safekeeping procedures, and defines performance benchmarks and reporting requirements. The policy should be reviewed and approved by the governing body and updated periodically to reflect changes in law, market conditions, and applicable GASB standards.

Management
City of Hill City
Page 2

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various entity personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, members of the City Council, and others within the entity, and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
November 26, 2025



City of Hill City Minutes
November Regular Council Meeting
November 12, 2025 at 6:00 PM
Hill City Community Room

Note: Please silence your electronic devices during the meeting. Thank you.

1. Call to Order/Pledge of Allegiance

Mayor Lange called the meeting to order at 6:00 pm. Everyone joined in the Pledge of Allegiance.

PRESENT

Mayor Dave Lange
Council Member Lin Benson
Council Member Tom Semler
Council Member Kenny Hilton
Council Member Amanda Goodrich

2. Additions or Corrections to the Agenda

Motion made to approve the agenda as presented with no additions or corrections.

Motion made by Council Member Benson, Seconded by Council Member Goodrich.
Voting Yea: Mayor Lange, Council Member Benson, Council Member Semler, Council Member Hilton, Council Member Goodrich

3. Guest Speaker

There were no guest speakers.

4. Consent Agenda

- a. Approve minutes of the Regular Council Meeting and Budget Work Session from October 14.
- b. Account Balances as of November 5th Checking \$441,897.76, MM \$29,027.71, CD \$505,267.95

Claim's List - 1/10/25 \$702,810.89, 11/12/2025 \$29,505.52

EFT's - 10/17 Quarterly Withholding tax Penalty \$131.06, 10/17 Quarterly Withholding tax Penalty \$131.06, 10/17 Sales tax \$331.00, 10/21 Payroll \$11,983.28, 10/21 Fed Tax \$3,021.97, 10/21 PERA \$2,936.41, 10/30 Withholding Tax \$2,737.06, 11/3 Payroll \$11,493.73, 11/3 PERA \$2,991.76, 11/3 Fed Tax \$2,883.81, 11/10 Campspot reservation fee \$98.20, Merchant Bank CC Fees \$84.52, 10/10 MN Revenue \$150.00 Sales Tax,

Transfer - no transfers

- c. Reports – Public Works, Fire, Police, Clerk

Maintenance

- Changed oil in White ¾ ton.

Water

- On going work with Bolton & Menk on the Water Treatment Plant.
- Pulling seasonal meters out.
- The Filter is in at the water treatment plant.
- Ran new chemical hoses for the pumps.

Sewer

- There was a high lift reading at the lodge. Worked with the townhouse association to see where it was coming from.

Parks

- Campground is closed for the winter, water blown out.
- Fishing pier is moved for the winter.

Airport

- Will be doing some brushing and the last mowing.
- The Conex is ordered for the tractor.
- We had the 3-year inspection in July, will be having a virtual meeting at 1 pm on the 12th to discuss it.

Streets

- We will be putting some Class 5 down in some small areas.
- Finished getting the leaves out of the storm sewers.

Trail

- Nothing to report.

Fire

- 14 fire and first responder calls
- Participated in Trunk or Treat
- Live Burn Trailer was conducted with simulator
- EMR Class for new First Responder is in progress

Police

Trunk or treat, big rigs and trucks, all other community events went great, drove around with Jordan on Halloween and everyone was so appreciative of the PD, was nice to see the large number of kids out and about.

School-School is going great, guys are changing up shifts to spend 1 morning shift a rotation to watch traffic and crosswalks.

FLOCK-Flock cameras in the works, LCP approved the mounting on power pole now just waiting for MN Dot then we will have them up.

Total Calls – 19 Self-Initiated – 185		
Property Checks – 85	Traffic – 100	Suspicion Complaint – 2
Civil Matter – 1	Ambulance – 7	Juvenile Complaint - 1
Animal Complaint – 1	Vehicle Lock out – 1	Motorist Assist – 3
Fire Call – 1	Property Damage – 1	Threat Complaint – 1

Clerk

- Working with Bolton & Menk on multiple projects.
- Working with Clifton, Larson, Allen (CLA) on the 2024 Audit.
- Working with Jessica on multiple items.
- Working on the 2026 Budgets.
- Work Comp Audit was October 27th

Motion made to approve the consent agenda.

Motion made by Council Member Benson, Seconded by Council Member Goodrich.
Voting Yea: Mayor Lange, Council Member Benson, Council Member Semler, Council Member Hilton, Council Member Goodrich

5. Public Forum – 3-minute limit

No public spoke.

6. Reports:

a. Mayor and Council

Mayor Lange did a podcast with Mark Jeffers, Aitkin County Economic Development. Clerk Meyer will let everyone know when it will be online to listen to.

Council Member Benson thanked Council Member Semler for cleaning up the community garden.

b. Engineer

Andrew Beadell read his report.

Force Main Reroute Project

- Waiting for the contractor to install remote dialers on Lift Station #2 and Main Lift Station.
 - o The delivery is still 2 weeks out.
- Waiting for grass to fully establish. The contractor’s efforts to reseed the project have helped the grass to fill in but we’ll have to wait until next spring to close out the project.

Water Treatment Plant Project

- Work has progressed mostly on the interior of the building.
- Filter was installed at the end of October.
- Water plant commissioning this winter with site work wrap up in spring of 2026.
- Interior process piping and controls will be the main focus the next two months.

Hill City Airport

- MnDOT Aeronautics sent the City the grant agreement for the Security & Wildlife Fencing Project. Last step to finalize the grant.
- City was offered a grant for a minor airport grading project with MnDOT Aeronautics 2nd round of grant offers.
- Continued efforts on the ALP

Hill City Wastewater Treatment Facility

- Contractor successfully repaired the leak in the outfall structure. We will be ready for final payment at the next council meeting.

c. CEDA

Jessica read her report.

1. Overview

- Total Grants brought into the City: \$165,954
- Total Community Gifts towards projects: \$5,000
- Open Grants: 1 in the amount of \$344,511.
- Upcoming Grants: 1 due in November. Amount to be determined.

2. Written Grants Itemized

- Veterans Memorial Grant: \$6,322 + \$5,000 from local donations = \$10,322
- Blandin Foundation Grant: \$150,000
- Enbridge Grant for events: \$3,000
- Beautification Day Home Depot Grant: \$2,932
- Aitkin County Economic Development for Hill City 4th of July: \$2,000
- Sgt. Rosslyn Gresens reception: \$700 plus donations
- Community Tree Planting Grant: \$344,511 Submitting 10/27/25
- Child Care Strategic Plan: Technical Assistance will be awarded if committee is formed.

3. Projects Managed

- Sign in front of playground
- Beautification Day
- Veterans Park

4. Miscellaneous Work

- Create flyers as necessary for community events.
- Attend and support Events Committee

- Attend and support Park & Rec Committee
- Fish cleaning house helped organize with school shop class
- Multicourt research
- Update website as necessary

d. Land Use

There was one permit issued for a shed relocation/installation this past month.

M. Eckelman property

Mayor Lange stopped by Eckelman property, he is trying to get it cleaned up. Clerk Meyer is to contact the city attorney about how we can go about getting the alley cleaned up and to move forward with what the attorney recommends.

e. Events & Planning Committee

Christmas Lights and Holiday Festival:

- Discussion on pushing the date back. Flyers have already been printed and hung around so will keep it on the 6th.
- Prizes: 1st \$100, 2nd \$70, 3rd \$50, and 4th \$20. Money will be distributed in the form of Hill City Bucks. Jessica will create city bucks in \$10 increments. Be sure to include no cash value and an expiration date. We will need to find out which businesses want to be included.
- Saxtons are willing to borrow haybales out. Someone just needs to come and get them.
- Melaine is still working on finding someone to drive for the hayrides. She has a couple of people to contact yet.
- Melaine will bring a boom box and someone can connect their phone for music at Bear Park.
- Thrift shop will supply the snowman hats and supplies.
- George will be in charge of the fire pit and the wood.
- Ken Rollins will be Santa. We need to pick up 100 candy canes. Paul Enga will be the grinch and walk around.
- S'mores last year they purchased 10 -6pack of the chocolate, 3 bags of marshmallows, and 5 boxes of graham crackers.
- This year for ease we will use 6 packages of Keebler fudge stripes cookies and 3 bags of marshmallows. 5 gallons of apple cider with cinnamon sticks.
- Community ed is all set for cookie decorating.
- With the lack of volunteers, it was decided to not decorate Christmas ornaments. Melaine will do a make and take at a later date with the remaining ornaments.
- Jessica will create a flyer for the Christmas Festival and get it out on social media and website.

Next meeting will be December 10th at 5:00.

- f. Personnel Committee has not met.
- g. Facilities/Equipment Committee has not met.
- h. Park Committee has not met.

7. Old Business

- a. Lamar Lease

Lamar counter offered \$1,600 per year and 7-year contract.

Council Member Hilton called around to see what other advertising billboards lease amounts were. They averaged between \$1,500 - \$2,000 per year.

A motion was made to tell Lamar \$1,600/year and a 5-year Lease. They would like the structure updated.

Motion made by Council Member Hilton, Seconded by Council Member Benson.
Voting Yea: Mayor Lange, Council Member Benson, Council Member Semler, Council Member Hilton, Council Member Goodrich

8. New Business

- a. Approve Pay Application for McGough Construction in the amount of \$595,159.00.

Motion made to approve the pay application for McGough Construction in the amount of \$595,159.00.

Motion made by Council Member Benson, Seconded by Council Member Semler.

Voting Yea: Mayor Lange, Council Member Benson, Council Member Semler, Council Member Hilton, Council Member Goodrich

- b. Approve Draw Request #11 in the amount of \$614,799.00.

Motion made to approve draw request #11 in the amount of \$614,799.00.

Motion made by Council Member Benson, Seconded by Council Member Hilton.
Voting Yea: Mayor Lange, Council Member Benson, Council Member Semler, Council Member Hilton, Council Member Goodrich

- c. Parking Lot grading and drainage grant offer

Parking Lot Grading and Drainage are on the CIP for the airport. Casper felt that there has been a lot of work at the airport this year wait until next year.

There was a motion made to hold off until next year to do the grading and drainage.

Motion made by Council Member Goodrich, Seconded by Council Member Semler.

Voting Yea: Mayor Lange, Council Member Benson, Council Member Semler, Council Member Hilton, Council Member Goodrich

- d. Plumbing - Dept. of Labor and Industry talked to George about the plumbing.
Department of Labor and Industry was at the city campground and seen the fish cleaning house. The city has to hire a licensed plumber to file a plumbing plan and to do the work for the fish cleaning house. Council Member Hilton talked to Seth Amundson and he said he would do the work. Casper will reach out to Amundson and get a quote for the next meeting.
- e. Mark Jeffers would like the city to nominate him for the ARDC Communities under 10K.
Motion was made to nominate Mark Jeffers for the ARDC Communities under 10K.

Motion made by Council Member Benson, Seconded by Council Member Semler.
Voting Yea: Mayor Lange, Council Member Benson, Council Member Semler, Council Member Hilton, Council Member Goodrich

- f. Approve the Water/Sewer Assessment list
Mation was made to approve the Water/Sewer Assessment list.

Motion made by Council Member Benson, Seconded by Council Member Hilton.
Voting Yea: Mayor Lange, Council Member Benson, Council Member Semler, Council Member Hilton, Council Member Goodrich

- g. Set a date to have a Budget Work Session.
A budget Work Session was set for December 3rd at 6 pm/

- h. Approve October Council Pay
Motion was made to approve the October Council Pay.

Motion made by Council Member Goodrich, Seconded by Council Member Hilton.
Voting Yea: Mayor Lange, Council Member Benson, Council Member Semler, Council Member Hilton, Council Member Goodrich

- i. Approve Dylan Enga and Derek DeWolfe as members of the Fire Dept.
Motion was made by to approve Dylan Enga and Derke DeWolfe to the Fire Dept.

Motion made by Council Member Hilton, Seconded by Council Member Goodrich.
Voting Yea: Mayor Lange, Council Member Benson, Council Member Semler, Council Member Hilton, Council Member Goodrich

j. Approve Cannabis License for Roadside

Roadside would like to apply for a low dose cannabis license to sell THC drinks.
Motion made to approve the cannabis license for Roadside.

Motion made by Council Member Goodrich, Seconded by Council Member Benson.

Voting Yea: Mayor Lange, Council Member Benson, Council Member Semler, Council Member Hilton, Council Member Goodrich

k. Approve 2026 Liquor licenses.

Harry's - On-Sale, Off Sale, Sunday, Knuckleheads - On-Sale, Off Sale, Sunday, Roadside - Off Sale, Hill City Golf - 3.2%

Motion made to approve all the 2026 liquor licenses.

Motion made by Council Member Benson, Seconded by Council Member Goodrich.

Voting Yea: Mayor Lange, Council Member Benson, Council Member Semler, Council Member Hilton, Council Member Goodrich

l. FYI/Reminder City Hall will be closed November 27th & 28th for Thanksgiving.

m. Goodrie Property - Lot Split

Dennis Goodrie would like to split his property, Lot 6 Block 9 Hill City Reality Company 2nd Addition, three ways and sell them to Northern Star Coop, Lakeland Trailers, and Todd Greuenhagen.

Motion made to approve Resolution 2025 – 16 for the lot spit.

Motion made by Council Member Benson, Seconded by Council Member Semler.

Voting Yea: Mayor Lange, Council Member Benson, Council Member Semler, Council Member Hilton, Council Member Goodrich

9. Upcoming Meetings

- a. Nov. 19th - WTP Monthly Meeting 10:00 am at the Fire Hall
- Dec. 3rd - Budget Work Session
- Dec 6 - Christmas festival 3 pm cookie decorating and 4 pm activities in bear park
- Dec. 9th - Truth in Taxation Meeting 6:00 pm
- Dec. 9th - Regular Council Meeting following T n T Meeting

10. Adjourn

Motion made to adjourn the meeting at 7:15 pm

Motion made by Council Member Goodrich, Seconded by Council Member Hilton.

Voting Yea: Mayor Lange, Council Member Benson, Council Member Semler, Council Member Hilton, Council Member Goodrich

Dave Lange, Mayor

Tami Meyer, Clerk/Treasurer

Date Range : 11/18/2025 To 11/18/2025

<u>Date</u>	<u>Vendor</u>	<u>Description</u>	<u>Claim #</u>	<u>Total</u>	<u>Account #</u>	<u>Account Name</u>	<u>Detail</u>
11/18/2025	First National Bank of Omaha	Sewer Bond agent annual fee	16456	\$495.00	602-47001-601-	DEBT SERVICE	\$495.00
Total For Selected Claims				\$495.00			\$495.00

Amanda M Goodrich

City Council/Town Board

Date

David W. Lange

City Council/Town Board

Date

Ken Hilton

City Council/Town Board

Date

Lin M. Christensen Benson

City Council/Town Board

Date

Sean a. Lathrop

City Council/Town Board

Date

Thomas E. Semler

City Council/Town Board

Date

Date Range : 11/24/2025 To 11/24/2025

<u>Date</u>	<u>Vendor</u>	<u>Description</u>	<u>Claim #</u>	<u>Total</u>	<u>Account #</u>	<u>Account Name</u>	<u>Detail</u>
11/24/2025	Aitkin County Recorder	REcording resolution 2025-16	16457	\$46.00	100-41140-352-	GENERAL GOVERNMENT	\$46.00
11/24/2025	Wm. J Schwartz & Sons, Inc.	Class 5 for city streets	16458	\$7,920.00	100-43101-217- 100-45210-217- 100-49355-217-	Highway, streets, roads Park & Campground Airport	\$5,940.00 \$1,320.00 \$660.00
11/24/2025	Minnesota Department of Health	Quarterly Service Connection Fee	16459	\$2,449.00	601-49400-455-	Water Utilities - Source of Supply	\$2,449.00
11/24/2025	Versaterm Public Safety	Bodycam annual subscription	16460	\$3,531.00	260-42101-460-	Police	\$3,531.00
11/24/2025	RMB Environmental Labs.	wastwater	16461	\$214.23	602-49450-300-	Sewer Utilities - Sanitary Sewer Maintenance	\$214.23
11/24/2025	Dakota Supply Group	Fish Cleaning House	16462	\$139.28	100-45210-520-	Park & Campground	\$139.28
Total For Selected Claims				\$14,299.51			\$14,299.51

Date Range : 11/24/2025 To 11/24/2025

<u>Date</u>	<u>Vendor</u>	<u>Description</u>	<u>Claim #</u>	<u>Total</u>	<u>Account #</u>	<u>Account Name</u>	<u>Detail</u>
	Amanda M Goodrich		City Council/Town Board				Date
	David W. Lange		City Council/Town Board				Date
	Ken Hilton		City Council/Town Board				Date
	Lin M. Christensen Benson		City Council/Town Board				Date
	Sean a. Lathrop		City Council/Town Board				Date
	Thomas E. Semler		City Council/Town Board				Date

Date Range : 12/9/2025 To 12/9/2025

<u>Date</u>	<u>Vendor</u>	<u>Description</u>	<u>Claim #</u>	<u>Total</u>	<u>Account #</u>	<u>Account Name</u>	<u>Detail</u>
12/09/2025	Sunnys	Gas & Diesel	16463	\$974.53			
					100-41140-212-	GENERAL GOVERNMENT	\$59.60
					100-43101-212-	Highway, streets, roads	\$312.44
					100-49355-212-	Airport	\$58.03
					230-45208-212-	Trail	\$17.00
					225-42201-212-	Fire	\$35.58
					260-42101-212-	Police	\$487.88
					602-49450-475-	Sewer Utilities - Sanitary Sewer Maintenance	\$4.00
12/09/2025	Roadside	Gas & Misc	16464	\$301.26			
					100-45207-212-	Parks	\$20.01
					100-43125-212-	Ice and Snow Removal	\$100.18
					601-49400-212-	Water Utilities - Source of Supply	\$85.40
					602-49450-210-	Sewer Utilities - Sanitary Sewer Maintenance	\$7.47
					602-49450-212-	Sewer Utilities - Sanitary Sewer Maintenance	\$88.20
12/09/2025	Cintas	FD Rugs, Casper Clothes, Rugs, Hand Towels	16465	\$121.69			
					100-42502-450-	Maintenance	\$58.89
					100-41140-211-	GENERAL GOVERNMENT	\$55.10
					225-42201-211-	Fire	\$7.70
12/09/2025	Gopher State One-Call, Inc.	tickets	16466	\$5.40			
					601-49400-320-	Water Utilities - Source of Supply	\$5.40
12/09/2025	Clifton Larson Allen LLP	2024 Audit	16467	\$7,507.50			
					100-41540-301-	Internal Auditing	\$7,507.50
12/09/2025	Minnesota State Fire Chief's Associ	Membership Renewal through Dec. 31, 2026	16468	\$110.00			
					225-42201-460-	Fire	\$110.00
12/09/2025	Volunteer Firefighters Benefit Asso	FD Ins. Renewal 2026	16469	\$240.00			
					225-42201-130-	Fire	\$240.00
12/09/2025	Bolton & Menk, Inc	WTP Airport	16470	\$23,520.20			

Date Range : 12/9/2025 To 12/9/2025

<u>Date</u>	<u>Vendor</u>	<u>Description</u>	<u>Claim #</u>	<u>Total</u>	<u>Account #</u>	<u>Account Name</u>	<u>Detail</u>
					601-49405-300-	Water Treatment Plant	\$22,720.20
					100-49355-300-	Airport	\$800.00
12/09/2025	Corporate Payment Systems	Misc	16471	\$1,435.68			
					100-41140-460-	GENERAL GOVERNMENT	\$175.26
					100-41425-460-	Clerk	\$19.98
					100-41425-200-	Clerk	\$18.99
					100-45207-210-	Parks	\$162.57
					225-42201-210-	Fire	\$18.34
					225-42270-210-	Medical Services	\$1,019.18
					260-42101-460-	Police	\$21.36
12/09/2025	Aitkin County Auditor	2026 Proposed Tax Notices	16472	\$160.63			
					100-41550-210-	Assessing	\$160.63
12/09/2025	Latvala Lumber Co.	Fish cleaning House	16473	\$777.91			
					100-45210-520-	Park & Campground	\$777.91
12/09/2025	Any Way You Want It Storage	Airport Conex	16474	\$5,504.06			
					100-49355-580-	Airport	\$5,504.06
12/09/2025	Hawkins, Inc.	Chemicals	16475	\$239.46			
					601-49400-216-	Water Utilities - Source of Supply	\$239.46
12/09/2025	Central Pension Fund	Union Pension 11/1 - 11/30/2025	16476	\$800.00			
					100-41425-165-	Clerk	\$80.00
					100-43101-165-	Highway, streets, roads	\$80.00
					100-41425-162-	Clerk	\$320.00
					100-43101-162-	Highway, streets, roads	\$320.00
12/09/2025	I.U.O.E. - Local 49 Fringe Benefit	Medical Ins. January	16477	\$6,260.00			
					601-49400-131-	Water Utilities - Source of Supply	\$1,441.37
					602-49450-131-	Sewer Utilities - Sanitary Sewer Maintenance	\$1,407.40
					100-43101-131-	Highway, streets, roads	\$200.59
					100-45207-131-	Parks	\$15.15

Date Range : 12/9/2025 To 12/9/2025

<u>Date</u>	<u>Vendor</u>	<u>Description</u>	<u>Claim #</u>	<u>Total</u>	<u>Account #</u>	<u>Account Name</u>	<u>Detail</u>
					100-45210-131-	Park & Campground	\$395.63
					100-49355-131-	Airport	\$180.60
					230-45208-131-	Trail	\$189.37
					100-43125-131-	Ice and Snow Removal	\$144.14
					100-41425-131-	Clerk	\$1,715.85
					100-41140-131-	GENERAL GOVERNMENT	\$115.04
					260-42101-131-	Police	\$5.00
					225-42201-131-	Fire	\$9.86
12/09/2025	Brad Person	Attorney Fees - Dec 2025	16478	\$309.01			
					100-41610-304-	City/Town Attorney	\$309.01
12/09/2025	Marco Technologies LLC	Lease 11/16 - 12/16	16479	\$316.67			
					100-41425-310-	Clerk	\$316.67
12/09/2025	RMB Environmental Labs.	wastwater	16480	\$423.23			
					602-49450-300-	Sewer Utilities - Sanitary Sewer Maintenance	\$423.23
12/09/2025	American Engineering Testing	Testing	16481	\$545.00			
					601-49405-300-	Water Treatment Plant	\$545.00
12/09/2025	Motorola Solutions	2026 Squad Radio & accessories	16482	\$6,283.44			
					281-42101-240-	Police	\$6,283.44
12/09/2025	CenturyLink	Telephones	16483	\$374.42			
					100-41425-321-	Clerk	\$174.52
					100-49355-321-	Airport	\$36.31
					100-43101-321-	Highway, streets, roads	\$52.28
					260-42101-321-	Police	\$75.00
					100-41140-321-	GENERAL GOVERNMENT	\$36.31
12/09/2025	I.U.O.E. - Local 49	Union Dues	16484	\$140.00			
					100-41425-112-	Clerk	\$70.00
					100-43101-112-	Highway, streets, roads	\$70.00

Date Range : 12/9/2025 To 12/9/2025

<u>Date</u>	<u>Vendor</u>	<u>Description</u>	<u>Claim #</u>	<u>Total</u>	<u>Account #</u>	<u>Account Name</u>	<u>Detail</u>
Total For Selected Claims				\$56,350.09			\$56,350.09

Amanda M Goodrich

City Council/Town Board

Date

David W. Lange

City Council/Town Board

Date

Ken Hilton

City Council/Town Board

Date

Lin M. Christensen Benson

City Council/Town Board

Date

Sean a. Lathrop

City Council/Town Board

Date

Thomas E. Semler

City Council/Town Board

Date

For the Period : 11/1/2025 To 11/30/2025

<u>Name of Fund</u>	<u>Beginning Balance</u>	<u>Total Receipts</u>	<u>Total Disbursed</u>	<u>Ending Balance</u>	<u>Less Deposits In Transit</u>	<u>Plus Outstanding Checks</u>	<u>Total Per Bank Statement</u>
General Fund	(\$845,799.74)	\$53,902.53	\$38,227.13	(\$830,124.34)	\$53,902.53	\$42,602.83	(\$841,424.04)
Drug Fund	\$27,198.65	\$0.00	\$0.00	\$27,198.65	\$0.00	\$0.00	\$27,198.65
Lodging Fund	\$314.29	\$0.00	\$0.00	\$314.29	\$0.00	\$0.00	\$314.29
Fire Fund	(\$62,802.42)	\$9,645.34	\$10,788.44	(\$63,945.52)	\$9,645.34	\$10,797.67	(\$62,793.19)
Fire Dept. Building Fund	(\$5,881.69)	\$0.00	\$0.00	(\$5,881.69)	\$0.00	\$0.00	(\$5,881.69)
Fire Dept. Equipment Fund	\$17,432.83	\$0.00	\$0.00	\$17,432.83	\$0.00	\$0.00	\$17,432.83
Fire Dept. Radio Replacement	\$7,125.00	\$0.00	\$0.00	\$7,125.00	\$0.00	\$0.00	\$7,125.00
Trail Fund	\$79,332.33	\$5,703.08	\$643.69	\$84,391.72	\$5,703.08	\$643.69	\$79,332.33
Housing Rehabilitation	\$3,389.35	\$0.00	\$0.00	\$3,389.35	\$0.00	\$0.00	\$3,389.35
First Responders	(\$4,044.65)	\$0.00	\$0.00	(\$4,044.65)	\$0.00	\$0.00	(\$4,044.65)
Police Fund	(\$382,275.14)	\$42,767.90	\$29,630.52	(\$369,137.76)	\$42,767.90	\$29,630.52	(\$382,275.14)
Maintenance Equipment Fund	\$72,056.82	\$0.00	\$0.00	\$72,056.82	\$0.00	\$0.00	\$72,056.82
Police Dept. Equipment Fund	\$56,631.15	\$0.00	\$0.00	\$56,631.15	\$0.00	\$0.00	\$56,631.15
Don Beerbower Veteran's Park	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
1st Responder Equipment Fund	\$4,910.56	\$0.00	\$0.00	\$4,910.56	\$0.00	\$0.00	\$4,910.56
Community Events Fund	\$21,476.09	\$250.00	(\$51.38)	\$21,777.47	\$250.00	\$338.83	\$21,866.30
Playground Equipment Fund	(\$28,348.23)	\$0.00	\$0.00	(\$28,348.23)	\$0.00	\$0.00	(\$28,348.23)
Community and School Garden Fund	\$5,362.18	\$0.00	\$0.00	\$5,362.18	\$0.00	\$0.00	\$5,362.18
ARP Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Water Treatment Plant Project	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Waste Water Pond Capital Equipment	(\$97,940.84)	\$0.00	\$0.00	(\$97,940.84)	\$0.00	\$0.00	(\$97,940.84)
Water	\$85,737.19	\$628,766.16	\$626,034.18	\$88,469.17	\$628,766.16	\$934,478.68	\$394,181.69
Sewage Collection and Disposal	(\$484,702.46)	\$17,607.77	\$87,080.16	(\$554,174.85)	\$17,607.77	\$89,956.16	(\$481,826.46)
Refuse or Garbage Collection	(\$692.34)	\$0.00	\$0.00	(\$692.34)	\$0.00	\$0.00	(\$692.34)
Water Improvement	\$258,505.27	\$4,078.74	\$0.00	\$262,584.01	\$4,078.74	\$0.00	\$258,505.27
Water Tower Rehab	\$76,210.95	\$915.03	\$0.00	\$77,125.98	\$915.03	\$0.00	\$76,210.95
Sewer Improvement	\$767,895.34	\$5,604.79	\$0.00	\$773,500.13	\$5,604.79	\$0.00	\$767,895.34
Storm Sewer	\$91,716.50	\$643.11	\$0.00	\$92,359.61	\$643.11	\$0.00	\$91,716.50
Fire Fund Investments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Housing Rehab.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Sewer Imp. Investments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Water Imp. Investments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

<u>Name of Fund</u>	<u>Beginning Balance</u>	<u>Total Receipts</u>	<u>Total Disbursed</u>	<u>Ending Balance</u>	<u>Less Deposits In Transit</u>	<u>Plus Outstand Che</u>	<u>Total Bank ment</u>
Sinking Fund Investments	\$534,003.36	\$6,050.00	\$0.00	\$540,053.36	\$6,050.00	\$0.00	\$534,003.36
Trail Fund	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Electronic Sign Fund	\$34,300.08	\$10.00	\$0.00	\$34,310.08	\$10.00	\$0.00	\$34,300.08
City Hall Office Equipment Fund	\$12,051.02	\$0.00	\$0.00	\$12,051.02	\$0.00	\$0.00	\$12,051.02
Tree Fund	\$11,069.08	\$0.00	\$0.00	\$11,069.08	\$0.00	\$0.00	\$11,069.08
Building Fund	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Street Fund	\$201,034.09	\$0.00	\$0.00	\$201,034.09	\$0.00	\$0.00	\$201,034.09
CD - 60 Month	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CD - 9 month	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
General Fund Money Market	\$29,027.71	\$2.39	\$0.00	\$29,030.10	\$2.39	\$0.00	\$29,027.71
12-Month CD	\$505,267.95	\$0.00	\$0.00	\$505,267.95	\$0.00	\$0.00	\$505,267.95
Total	\$989,560.28	\$775,946.84	\$792,352.74	\$973,154.38	\$775,946.84	\$1,108,448.38	\$1,305,655.92

Amanda M Goodrich

City Council/Town Board

Date

David W. Lange

City Council/Town Board

Date

Ken Hilton

City Council/Town Board

Date

Lin M. Christensen Benson

City Council/Town Board

Date

Sean a. Lathrop

City Council/Town Board

Date

Thomas E. Semler

City Council/Town Board

Date

January 2025 Reconciliation

Section 4, Item b.

Date	Balance	Receipts	Disbursements	End Balance
1/31/25	\$751,191.07	\$831,978.92	\$751,808.68	\$831,361.31
2/28/25	\$831,361.31			\$831,361.31
3/31/25	\$831,361.31			\$831,361.31
4/30/25	\$831,361.31			\$831,361.31
5/31/25	\$831,361.31			\$831,361.31
6/30/25	\$831,361.31			\$831,361.31
7/31/25	\$831,361.31			\$831,361.31
8/31/25	\$831,361.31			\$831,361.31
9/30/25	\$831,361.31			\$831,361.31
10/31/25	\$831,361.31			\$831,361.31
11/30/25	\$831,361.31			\$831,361.31
12/31/25	\$831,361.31			\$831,361.31

\$128,995.06	Money Market
\$1,029,238.92	60 Month CD (February 11, 2027)
<u>\$1,158,233.98</u>	
\$1,253,034.11	Cash Control Balance

Deposits in Transit	\$192.27
Outstanding Checks	\$736,753.45
Balance	\$94,800.13

\$0.00 **\$94,800.13**

Outstanding Checks

Deposits in Transit

5/22/2024	23248	Commissioner of Tr	\$2,500.00
12/10/2024	23625	George Casper	\$35.00
12/30/2024	23656	First Responder Pay	\$36.94
12/30/2024	23669	Fire Dept. Payroll	\$803.44
1/14/2025	23677	McGough Construct	\$717,615.00
1/14/2025	23678	American Engineeri	\$1,527.50
1/14/2025	23681	Northeast Interager	\$1,159.06
1/14/2025	23690	George Casper	\$35.00
1/14/2025	23697	Civic Plus LLC	\$3,300.00
1/30/2025	23719	Lake Country Power	\$4,220.06
1/30/2025	23720	SCI Broadband	\$77.72
1/30/2025	23721	Corporate Payment	\$5,231.35
1/30/2025	23722	Marco Technologies	\$212.38

1/27/2025 Batch 1537 **\$192.27**

Total Outstanding Checks \$736,753.45

Total Deposits in Transit \$192.27

February 2025 Reconciliation

Section 4, Item b.

Date	Balance	Receipts	Disbursements	End Balance
1/31/25	\$751,191.07	\$831,978.92	\$751,808.68	\$831,361.31
2/28/25	\$831,361.31	\$239,260.50	\$848,326.13	\$222,295.68
3/31/25	\$222,295.68			\$222,295.68
4/30/25	\$222,295.68			\$222,295.68
5/31/25	\$222,295.68			\$222,295.68
6/30/25	\$222,295.68			\$222,295.68
7/31/25	\$222,295.68			\$222,295.68
8/31/25	\$222,295.68			\$222,295.68
9/30/25	\$222,295.68			\$222,295.68
10/31/25	\$222,295.68			\$222,295.68
11/30/25	\$222,295.68			\$222,295.68
12/31/25	\$222,295.68			\$222,295.68

\$129,004.96	Money Market
\$1,031,958.75	60 Month CD (February 11, 2027)
\$1,160,963.71	

\$1,224,977.02	Cash Control Balance
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Deposits in Transit	\$2,269.32
Outstanding Checks	\$160,551.69

	Balance	\$64,013.31	\$0.00	\$64,013.31
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Outstanding Checks

Deposits in Transit

5/22/2024	23248	Commissioner of Tr	\$2,500.00
1/14/2025	23690	George Casper	\$35.00
2/10/2025	23749	payroll	\$27.70
2/13/2025	23758	mcgough	\$152,802.00
2/24/2025	23759	payroll	\$143.14
2/24/2025	23761	lcp	\$4,834.22
2/25/2025	23762	marco	\$209.63

2/28/2025	batch 1576	\$2,269.32
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Total Outstanding Checks	\$160,551.69	Total Deposits in Transit	\$2,269.32
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March 2025 Reconciliation

Section 4, Item b.

Date	Balance	Receipts	Disbursements	End Balance
1/31/25	\$751,191.07	\$831,978.92	\$751,808.68	\$831,361.31
2/28/25	\$831,361.31	\$239,260.50	\$848,326.13	\$222,295.68
3/31/25	\$222,295.68	\$160,085.69	\$287,098.79	\$95,282.58
4/30/25	\$95,282.58			\$95,282.58
5/31/25	\$95,282.58			\$95,282.58
6/30/25	\$95,282.58			\$95,282.58
7/31/25	\$95,282.58			\$95,282.58
8/31/25	\$95,282.58			\$95,282.58
9/30/25	\$95,282.58			\$95,282.58
10/31/25	\$95,282.58			\$95,282.58
11/30/25	\$95,282.58			\$95,282.58
12/31/25	\$95,282.58			\$95,282.58

\$29,010.71	Money Market
\$1,031,958.75	60 Month CD (February 11, 2027)
<u>\$1,060,969.46</u>	

\$1,155,609.86 Cash Control Balance

Deposits in Transit \$9,381.47
 Outstanding Checks \$10,023.65

Balance \$94,640.40 \$0.00 **\$94,640.40**

Outstanding Checks

5/22/2024	23248	Commissioner of Tr	\$2,500.00
1/14/2025	23690	George Casper	\$35.00
2/10/2025	23749	Payroll	\$27.70
3/11/2025	23778	Tami Meyer	\$33.61
3/27/2025	23807	Matt Huseby	\$294.77
3/27/2025	23808	Lake Country Power	\$4,639.06
3/27/2025	23809	AT&T Mobility	\$1,087.44
3/31/2025	Withholding	MN Revenue	\$1,406.07

Deposits in Transit

3/24/2025	Batch 1629	\$4,305.82
3/25/2025	Misc & Donations	\$3,183.48
3/26/2025	Batch 1644 Holm	\$78.00
3/26/2025	Batch 1648 Olson	\$78.92
3/28/2025	Batch 1656	\$242.12
3/26/2025	Mercado Dog License	\$7.50
3/31/2025	Caverly	\$38.23
3/31/2025	Batch 1659	\$1,351.70
3/31/2025	Batch 1658 Berg	\$47.85
3/31/2025	Batch 1661 Weyer	47.85

Total Outstanding Checks

\$10,023.65

Total Deposits in Transit

\$9,381.47

April 2025 Reconciliation

Section 4, Item b.

Date	Balance	Receipts	Disbursements	End Balance
1/31/25	\$751,191.07	\$831,978.92	\$751,808.68	\$831,361.31
2/28/25	\$831,361.31	\$239,260.50	\$848,326.13	\$222,295.68
3/31/25	\$222,295.68	\$160,085.69	\$287,098.79	\$95,282.58
4/30/25	\$95,282.58	\$107,426.44	\$100,555.43	\$102,153.59
5/31/25	\$102,153.59			\$102,153.59
6/30/25	\$102,153.59			\$102,153.59
7/31/25	\$102,153.59			\$102,153.59
8/31/25	\$102,153.59			\$102,153.59
9/30/25	\$102,153.59			\$102,153.59
10/31/25	\$102,153.59			\$102,153.59
11/30/25	\$102,153.59			\$102,153.59
12/31/25	\$102,153.59			\$102,153.59

	\$29,013.09	Money Market
	\$1,031,958.75	60 Month CD (February 11, 2027)
	\$1,060,971.84	

\$1,154,565.21 Cash Control Balance

Deposits in Transit
\$429.97

Outstanding Checks
\$8,990.19

	Balance	\$93,593.37	\$0.00	\$93,593.37
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Outstanding Checks

5/22/2024	23248	Commissioner of Tr	\$2,500.00
2/10/2025	23749	Payroll	\$27.70
4/8/2025	23812	MN Council of Airpc	\$50.00
4/8/2025	23832	Aitkin Co. Recorder	\$184.00
4/29/2025	23846	AT&T Mobility	\$1,119.62
4/29/2025	23847	MPCA	\$345.00
4/29/2025	23848	Lake Country Power	\$4,561.13
4/29/2025	23849	Marco Tech	\$202.74

Deposits in Transit

4/30/2025	Camping C.C. Res.	\$134.00
4/30/2025	Batch 1715 Butler, Snc	\$183.12
4/30/2025	Batch 1716 Berg, Stott	\$112.85

Total Outstanding Checks

\$8,990.19

Total Deposits in Transit

\$429.97

June 2025 Reconciliation

Date	Balance	Receipts	Disbursements	End Balance
1/31/25	\$751,191.07	\$831,978.92	\$751,808.68	\$831,361.31
2/28/25	\$831,361.31	\$239,260.50	\$848,326.13	\$222,295.68
3/31/25	\$222,295.68	\$160,085.69	\$287,098.79	\$95,282.58
4/30/25	\$95,282.58	\$107,426.44	\$100,555.43	\$102,153.59
5/31/25	\$102,153.59	\$1,317,676.01	\$1,156,254.62	\$263,574.98
6/30/25	\$263,574.98			\$263,574.98
7/31/25	\$263,574.98			\$263,574.98
8/31/25	\$263,574.98			\$263,574.98
9/30/25	\$263,574.98			\$263,574.98
10/31/25	\$263,574.98			\$263,574.98
11/30/25	\$263,574.98			\$263,574.98
12/31/25	\$263,574.98			\$263,574.98

\$29,015.55	Money Market
<u>\$500,000.00</u>	60 Month CD (February 11, 2027)
\$529,015.55	

\$775,122.06 Cash Control Balance

Deposits in Transit \$146.00
 Outstanding Checks \$17,614.47

Balance	\$246,106.51	\$0.00	\$246,106.51
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Outstanding Checks

5/22/2024	23248	Commissioner of Tr	\$2,500.00
2/10/2025	23749	Payroll	\$27.70
4/8/2025	23832	Aitkin Co. Recorder	\$184.00
5/13/2025	23850	Volunteer Firefighte	\$14.00
5/13/2025	23870	Bolton & Menk	\$14,468.75
5/19/2025	23899	Reg Payroll Mayor	\$272.43
5/21/2025	23903	Grand Rapids Tire &	\$147.59

Deposits in Transit

	Campspot	\$146.00

Total Outstanding Checks \$17,614.47

Total Deposits in Transit \$146.00

June 2025 Reconciliation

Section 4, Item b.

Date	Balance	Receipts	Disbursements	End Balance
1/31/25	\$751,191.07	\$831,978.92	\$751,808.68	\$831,361.31
2/28/25	\$831,361.31	\$239,260.50	\$848,326.13	\$222,295.68
3/31/25	\$222,295.68	\$160,085.69	\$287,098.79	\$95,282.58
4/30/25	\$95,282.58	\$107,426.44	\$100,555.43	\$102,153.59
5/31/25	\$102,153.59	\$1,317,676.01	\$1,156,254.62	\$263,574.98
6/30/25	\$263,574.98	\$1,472,215.60	\$1,602,202.34	\$133,588.24
7/31/25	\$133,588.24			\$133,588.24
8/31/25	\$133,588.24			\$133,588.24
9/30/25	\$133,588.24			\$133,588.24
10/31/25	\$133,588.24			\$133,588.24
11/30/25	\$133,588.24			\$133,588.24
12/31/25	\$133,588.24			\$133,588.24

\$29,017.93	Money Market
\$500,000.00	12 Month CD (May 21, 2025)
<u>\$529,017.93</u>	

\$534,183.06 Cash Control Balance

Deposits in Transit \$6,947.18
 Outstanding Checks \$135,370.29

Balance	\$5,165.13	\$0.00	\$5,165.13
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Outstanding Checks

5/22/2024	23248	Commissioner of Tr	\$2,500.00
2/10/2025	23749	Payroll-lange	\$27.70
4/8/2025	23832	Aitkin Co. Recorder	\$184.00
6/10/2025	23913	Bolton & Menk	\$31,564.75
6/10/2025	23918	Minuteman Press	\$76.74
6/10/2025	23919	MN Dept. of Health	\$23.00
6/10/2025	23924	Aitkin Co. Recorder	\$46.00
6/23/2025	23943	Grand Forks Fire Eq	\$22,940.98
6/23/2025	23945	IUOE Local-49	\$140.00
6/23/2025	23947	Bolton & Menk	\$55,993.50
6/23/2025	23948	Central McGowan li	\$29.31
6/23/2025	23950	Aitkin County Recor	\$47.65
6/30/2025	Bank Draft	Regular Payroll	\$12,591.64
6/30/2025	Bank Draft	Fire & 1st Responde	\$2,017.83
6/30/2025	23952	Viking Industries	\$3,000.00
6/30/2025	23953	Tyler Svoboda	\$300.00
6/30/2025	23955	1st Responder Pay	\$83.11
6/30/2025	23956	Fire Pay	\$55.41
6/30/2025	23957	Fire Pay	\$69.26
6/30/2025	23958	Fire Pay	\$166.23
6/30/2025	23959	Fire Pay	\$55.41
6/30/2025	23960	Fire Pay	\$83.11
6/30/2025	23961	Fire Pay	\$166.23
6/30/2025	23962	Fire Pay	\$401.72
6/30/2025	23963	Fire Pay	\$429.43
6/30/2025	23964	Fire Pay	\$831.15
6/30/2025	23965	Fire Pay	\$110.82
6/30/2025	23966	Fire Pay	\$249.34
6/30/2025	23967	Fire Pay	\$235.49
6/30/2025	23968	Fire Pay	\$192.06
6/30/2025	23969	Fire Pay	\$83.11

Deposits in Transit

Batch 1795	\$435.01
Tammy Root Comm. Rent	\$40.00
Janet Hallerman Vender	\$50.00
Thiry Fire Wrk Donation	\$100.00
Steven Parabek Vendor	\$25.00
Leif Nelson building permit	\$100.00
Batch 1799	\$256.43
Humphrey Sign message	\$10.00
Chris Goodrich Camping	\$190.25
Batch 1804	\$1,419.83
Bruski Pavilion Rent	\$25.00
Batch 1808	\$723.38
Batch 1811	\$1,508.74
Batch 1815	\$957.67
Batch 1817	\$90.00
Batch 1825 Martin	\$100.00
Batch 1826 berg	\$95.70
Batch 1827	\$740.25
Batch 1828 Troumbly	\$39.92
Misty Childs	\$40.00

6/30/2025	23970	1st Responder Pay	\$129.29
6/30/2025	23971	1st Responder Pay	\$36.94
6/30/2025	23972	1st Responder Pay	\$9.23
6/30/2025	23973	1st Responder Pay	\$27.70
6/30/2025	23974	Fire Pay	\$83.11
6/30/2025	23975	1st Responder Pay	\$27.70
6/30/2025	23954	fire pay	\$249.34
		Camping Refunds	\$112.00

Section 4, Item b.

Total Outstanding Checks \$135,370.29

Total Deposits in Transit

\$6,947.18

September 2025 Reconciliation

Section 4, Item b.

Date	Balance	Receipts	Disbursements	End Balance
1/31/25	\$751,191.07	\$831,978.92	\$751,808.68	\$831,361.31
2/28/25	\$831,361.31	\$239,260.50	\$848,326.13	\$222,295.68
3/31/25	\$222,295.68	\$160,085.69	\$287,098.79	\$95,282.58
4/30/25	\$95,282.58	\$107,426.44	\$100,555.43	\$102,153.59
5/31/25	\$102,153.59	\$1,317,676.01	\$1,156,254.62	\$263,574.98
6/30/25	\$263,574.98	\$1,472,215.60	\$1,602,202.34	\$133,588.24
7/31/25	\$133,588.24	\$1,755,860.46	\$1,244,002.07	\$645,446.63
8/31/25	\$645,446.63	\$660,239.31	\$819,049.00	\$486,636.94
9/30/25	\$486,636.94	\$524,187.45	\$598,560.10	\$412,264.29
10/31/25	\$412,264.29			\$412,264.29
11/30/25	\$412,264.29			\$412,264.29
12/31/25	\$412,264.29			\$412,264.29

\$29,025.24 Money Market
\$505,267.95 12 Month CD (May 21, 2025)
 \$534,293.19

\$971,634.70 Cash Control Balance

Deposits in Transit \$28,165.26
 Outstanding Checks \$3,088.04

Balance \$437,341.51

\$0.00

\$437,341.51

Outstanding Checks

5/22/2024	23248	Commissioner of Tr	\$2,500.00
2/10/2025	23749	Payroll-lange	\$27.70
4/8/2025	23832	Aitkin Co. Recorder	\$184.00
6/30/2025	23972	1st Responder Pay	\$9.23
8/12/2025	24066	Langes Landscaping	\$205.50
9/22/2025	24136	Reg Payroll, Mayor	\$161.61

Deposits in Transit

Batch 1996	\$268.50
Batch 2005	\$347.50
Batch 2002 Washburn	\$92.07
Batch 2006	\$374.76
Batch 2007	\$121.75
Police State Aid	\$27,717.03
Camping refunds & payments	-\$958.00
Ellis	\$201.65

Total Outstanding Checks

\$3,088.04

Total Deposits in Transit

\$28,165.26

October 2025 Reconciliation

Section 4, Item b.

Date	Balance	Receipts	Disbursements	End Balance
1/31/25	\$751,191.07	\$831,978.92	\$751,808.68	\$831,361.31
2/28/25	\$831,361.31	\$239,260.50	\$848,326.13	\$222,295.68
3/31/25	\$222,295.68	\$160,085.69	\$287,098.79	\$95,282.58
4/30/25	\$95,282.58	\$107,426.44	\$100,555.43	\$102,153.59
5/31/25	\$102,153.59	\$1,317,676.01	\$1,156,254.62	\$263,574.98
6/30/25	\$263,574.98	\$1,472,215.60	\$1,602,202.34	\$133,588.24
7/31/25	\$133,588.24	\$1,755,860.46	\$1,244,002.07	\$645,446.63
8/31/25	\$645,446.63	\$660,239.31	\$819,049.00	\$486,636.94
9/30/25	\$486,636.94	\$524,187.45	\$598,560.10	\$412,264.29
10/31/25	\$412,264.29	\$510,999.11	\$152,758.90	\$770,504.50
11/30/25	\$770,504.50			\$770,504.50
12/31/25	\$770,504.50			\$770,504.50

\$29,027.71 Money Market
\$505,267.95 12 Month CD (May 21, 2025)
 \$534,295.66

\$989,560.28 Cash Control Balance

Deposits in Transit \$855.76
 Outstanding Checks \$316,095.64

Balance \$455,264.62 \$0.00 **\$455,264.62**

Outstanding Checks

5/22/2024	23248	Commissioner of Tr	\$2,500.00
2/10/2025	23749	Payroll-lange	\$27.70
4/8/2025	23832	Aitkin Co. Recorder	\$184.00
6/30/2025	23972	1st Responder Pay	\$9.23
10/14/2025	24155	Jessica Pellinen	\$271.00
10/14/2025	24156	Bolton & Menk	\$32,939.50
10/14/2025	24158	Minuteman Press	\$119.21
10/14/2025	24170	McGough Construct	\$280,045.00

Deposits in Transit

Batch 2073	Courtney Smith	\$174.51
Batch 2074	Snow & Bertelson	\$389.85
Batch 2075	Schultz & Eckman	\$211.43
Batch 2078	Volker	\$79.97

Total Outstanding Checks

\$316,095.64

Total Deposits in Transit

\$855.76

Date Range : 12/9/2025 To 12/9/2025

<u>Date</u>	<u>Vendor</u>	<u>Description</u>	<u>Claim #</u>	<u>Total</u>	<u>Account #</u>	<u>Account Name</u>	<u>Detail</u>
12/09/2025	Globe Life	Employee Paid Insurance - Nov & Dec	16485	\$944.00			
					100-41425-163-	Clerk	\$482.20
					100-43101-163-	Highway, streets, roads	\$165.00
					260-42101-163-	Police	\$296.80
12/09/2025	DVS Renewal	Maintenance trucks - Tabs	16486	\$63.75			
					100-43125-440-	Ice and Snow Removal	\$42.50
					602-49450-440-	Sewer Utilities - Sanitary Sewer Maintenance	\$21.25
12/09/2025	Waste Management	Park Dumpster	16487	\$103.93			
					100-45210-384-	Park & Campground	\$103.93
12/09/2025	MidContinent Communications	Park & City Hall Internet	16488	\$227.42			
					100-45210-310-	Park & Campground	\$82.79
					100-41140-310-	GENERAL GOVERNMENT	\$144.63
12/09/2025	Northern Star Cooperative	City Hall and Shop	16489	\$1,242.23			
					100-41140-219-	GENERAL GOVERNMENT	\$248.46
					100-43101-219-	Highway, streets, roads	\$331.23
					100-43125-219-	Ice and Snow Removal	\$331.23
					601-49400-219-	Water Utilities - Source of Supply	\$331.31
12/09/2025	Hawkinson Construction Co.	rip rap fish cleaning	16490	\$239.15			
					100-45210-530-	Park & Campground	\$239.15
12/09/2025	Brandi Enerson	Fire Hall Cleaning - November	16491	\$100.00			
					225-42201-211-	Fire	\$100.00
12/09/2025	McGough Construction Co.	Pay Application #12	16492	\$606,549.00			
					601-49405-310-	Water Treatment Plant	\$606,549.00
12/09/2025	Bolton & Menk, Inc	forcemain	16493	\$1,500.25			
					602-49405-300-	Water Treatment Plant	\$1,500.25

Date Range : 12/9/2025 To 12/9/2025

<u>Date</u>	<u>Vendor</u>	<u>Description</u>	<u>Claim #</u>	<u>Total</u>	<u>Account #</u>	<u>Account Name</u>	<u>Detail</u>
12/09/2025	L & M Supply	Misc	16494	\$38.96	100-45210-520-	Park & Campground	\$38.96
Total For Selected Claims				\$611,008.69			\$611,008.69

Amanda M Goodrich	City Council/Town Board	Date
David W. Lange	City Council/Town Board	Date
Ken Hilton	City Council/Town Board	Date
Lin M. Christensen Benson	City Council/Town Board	Date
Sean a. Lathrop	City Council/Town Board	Date
Thomas E. Semler	City Council/Town Board	Date

DECEMBER 2025 HILL CITY FIRE DEPT/FIRST RESPONDER COUNCIL REPORT

Section 4, Item c.

INCIDENT #	DATE	TIME	TYPE OF CALL	LOCATION	FR/FD	EQUIPMENT/PERSONELL
117	11/13/2025	1:07	84 YOM Blood in Catheter	Macville	FR	
118	11/14/2025	14:16	55 YOM Unresponsive	Hill City	FR	
119	11/15/2025	9:38	Child - Finger Cut with Chainsaw	Hill City	FR	
120	11/16/2025	18:00	Brush Pile on Fire	Unorg. Quadna	FD	Engine
121	11/17/2025	13:36	71 YOF Racing Heart and Chest Pain	Hill City	FR	
122	11/18/2025	18:03	55 YOF Bowel Obstruction	Hill City	FR	
123	11/28/2024	12:25	32 YOM Fell - Disloc. Shoulder	Spang	FR	
Hill City Fire will be participating in Shop with a Hero in Grand Rapids on 12/7						
Fire Officers for 2025						
Chief - Jeremy Nelson						
Asst. Chief - Ron Saxton						
Captain - Alan Myers						
Captain - George Casper						
Captain - Matt Huseby						
Captain Gabe Sweeney						
Secretary - Mark Meyer						

Clerk Report December 9, 2025

- Working with Bolton & Menk on multiple projects.
- Working with Clifton, Larson, Allen (CLA) on the 2024 Audit.
- Working on the 2026 Budgets.
- Attended the following meetings/activities
 - November 10th – Linda Blandin Grants
 - November 12th – Airport Meeting
 - November 13th – MN Paid Leave Webinar
 - November 14th – Legacy Grant Check-in
 - November 19th – Clerk’s Monthly Meeting
 - November 20th – PERA Webinar

Public Works Report December 9, 2025

Maintenance

- Changed oil in Grey ¾ ton.
- 1070 John Deere Tractor is having Hydraulic issues.

Water

- On going work with Bolton & Menk on the Water Treatment Plant.
- Took a tour of Pine River's Water Treatment Plant
- Working on Well 3 with Bolton & Menk for flow problems.
- Updating GPS Maps with Rural Water.

Sewer

- Fall discharge is done.

Parks

- Park Ave. will be closed within the next week for the winter.

Airport

- Working with Bolton & Menk on the Fencing project.
- The brushing is done.
- The conex is here.

Streets

- First snowplow went well.

Trail

- Nothing to report.



ITEM REPORT COUNCIL MEETING

Agenda Date: 12/9/2025
Agenda Section: Information Only

Department Origination: City Engineer

Agenda Item: City Engineer Report

Approval Required: No Action Required

Force Main Reroute Project

- Contractor received remote dialers. Waiting on an installation date.
- Same update as the last few months for turf establishment. We're waiting for grass to fully establish. We'll wait until next spring to close out the project.

Water Treatment Plant Project

- Work has progressed mostly on the interior of the building.
- Most effort will be on equipment startups in the plant in December and January
- Water plant commissioning this winter with site work wrap up in spring of 2026.

Hill City Airport

- Continued efforts on the ALP
- Hoping to schedule an update meeting in February to review city's preferred layout and MnDOT Aeronautics comments.
- Performed survey for airport fence project
- Met with MnDOT Aeronautics to discuss the inspection that was completed and provided MnDOT with a response letter to clarify items in the inspection.

Hill City Wastewater Treatment Facility

- Contractor successfully repaired the leak in the outfall structure.
- Project is complete

Lead Service Line Inventory

- Assisted staff with mailing lists for LSL notifications.

FINANCIAL IMPLICATIONS

None this report of for information only.

STAFF RECOMMENDATIONS

None this report of for information only.

COUNCIL ACTION REQUESTED

None this report is for information only.



1500 South Hwy 52
PO Box 483
Chatfield, MN 59923
Phone: 507.867.3164
www.cedausa.com

Informative Memo

TO: Hill City City Council
FROM: Jessica Pellinen, Community and Business Development Specialist
DATE: December 4, 2025
RE: Project Updates

1. Park and Rec

- Working on gathering information on next steps for the campground.
- Suggest on applying for Outdoor Recreation Grant opens Dec. 15.

2. Veterans Commemoration Grant

- Still working on stencils for the helicopter.
- Emblems are all installed.

3. Events Committee

- Attended Committee meeting on November 5th. Next meeting will be January 7th.
- Picked up supplies for the Christmas Festival.
- Yearly Events:
 - Food Booth – Lion’s Fishing Contest – Fundraiser
 - Easter Egg Hunt
 - Taco Bar – Fundraiser
 - 4th of July
 - National Night Out
 - Christmas Festival

Miscellaneous:

- Two grants submitted to the DNR to combat Emerald Ash Borer.
 - Community Tree Planting Grant
 - ReLeaf
- Suggest looking at 2026 priorities.

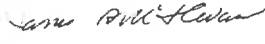


THE **LAMAR** COMPANIES

Lamar Co # 142

This Instrument Prepared by:
James R. McIlwain
5321 Corporate Boulevard
Baton Rouge, Louisiana 70808

X RENEWAL
 142-5078-01 Lease #



James R. McIlwain

SIGN LOCATION LEASE

THIS LEASE AGREEMENT, made this 25th day of August, 2025, by and between:

**CITY OF HILL CITY
125 LAKE AVE
PO BOX 160
HILL CITY, MN 55748**

(hereinafter referred to as "Lessor") and **THE LAMAR COMPANIES** (hereinafter referred to as "Lessee"), provides

WITNESSETH

"LESSOR hereby leases to LESSEE, its successors or assigns, as much of the hereinafter described lease premises as may be necessary for the construction, repair and relocation of an outdoor advertising structure ("sign"), including necessary structures, advertising devices, utility service, power poles, communications devices and connections, with the right of access to and egress from the sign by LESSEE'S employees, contractors, agents and vehicles and the right to survey, post, illuminate and maintain advertisements on the sign, and to modify the sign to have as many advertising faces, including changeable copy faces or electronic faces, as are allowed by local and state law, and to maintain telecommunications devices or other activities necessary or useful in LESSEE'S use of the sign. Any discrepancies or errors in the location and orientation of the sign are deemed waived by LESSOR upon LESSOR'S acceptance of the first rental payment due after the construction of the sign.

The premises are a portion of the property located in the County of Aitken, State of Minnesota, more particularly described as:

**PID: 12-0-041700, PART OF NE OF NW W OF HWY 169 LESS .38 AC HWY & 4.19 AC AND LOT 2
EXC S25 RODS IN DOC 253377, SECTION 23, T.52-R.26 HILL CITY
LAMAR LOCATION: HWY 169 730FT S/O HWY 200 HILL CITY W/L**

1. This Lease shall be for a term of **five (5) years** commencing on the first day of the calendar month following the date of completion of construction of the sign, or, if this is a renewal Lease, the term and payments begin **June 1, 2026 ("commencement date")**. Upon expiration of the initial term of this Lease, this Lease shall automatically renew and continue from year to year, on the same terms and conditions contained herein, unless either Party provides to the other Party written notice of non-renewal at least sixty (60) days prior to the expiration of the then-current term.
2. LESSEE shall pay to LESSOR an **annual rental of (\$1600.00) Dollars, payable annually in advance in equal installments of One Thousand Two Hundred and 00/100s (\$1600.00) each, with rent due the first day of commencement**. Rent shall be considered tendered upon due mailing or attempted hand delivery during reasonable business hours at the address designated by LESSOR, whether or not actually received by LESSOR. Should LESSEE fail to pay rent or perform any other obligation under this lease within thirty (30) days after such performance is due, LESSEE will be in default under the lease. In the event of such default, LESSOR must give LESSEE written notice by certified mail and allow LESSEE thirty (30) days thereafter to cure any default.
3. LESSOR agrees not to erect or allow any other off-premise advertising structure(s), other than LESSEE'S, on property owned or controlled by LESSOR within two thousand (2000) feet of LESSEE'S sign. LESSOR further agrees not to erect or allow any other obstruction of highway view or any vegetation that may obstruct the highway view of LESSEE'S sign. LESSEE is hereby authorized to remove any such other advertising structure, obstruction or vegetation at LESSEE'S option.
4. LESSEE may terminate this lease upon giving thirty (30) days written notice in the event that the sign becomes entirely or partially obstructed in any way or in LESSEE'S opinion the location becomes economically or otherwise undesirable. If LESSEE is prevented from constructing or maintaining a sign at the premises by reason of any final governmental law, denial of construction permit, regulation, subdivision or building restriction, order or other action, LESSEE may elect to terminate this lease. In the event of termination of this Lease prior to expiration, LESSOR will return to LESSEE any unearned rentals on a pro rata basis.
5. All permits, structures, equipment and materials placed upon the premises by the LESSEE or its predecessor shall remain the property of LESSEE and may be removed by LESSEE at any time prior to or within a reasonable time after expiration of the term hereof or any renewal. At the termination of this lease, LESSEE agrees to restore the surface of the premises to its original condition. The LESSEE shall have the right to make any necessary applications with, and obtain permits from, governmental bodies for the construction and maintenance of LESSEE'S sign, at the sole discretion of LESSEE. All such permits and any nonconforming rights pertaining to the premises shall be the property of LESSEE.

_____(initial)_____(initial)

6. LESSOR represents that he/she is the owner or lessee under written lease of the premises and has the right to make the agreement and to grant LESSEE free access to the premises to perform all acts necessary to exercise its rights pursuant to this lease. LESSOR is not aware of any recorded or unrecorded rights, servitudes, easements, subdivision or building restrictions, or agreements affecting the premises that prohibit the erection, posting, painting, illumination or maintenance of the sign.

7. In the event of any change of ownership of the property herein leased, LESSOR agrees to notify LESSEE promptly of the name, address, and phone number of the new owner, and LESSOR further agrees to give the new owner formal written notice of the existence of this lease and to deliver a copy thereof to such new owner at or before closing. In the event that LESSEE assigns this lease, assignee will be fully obligated under this Lease and LESSEE will no longer be bound by the lease. This lease is binding upon the personal representatives, heirs, executors, successors, and assigns of both LESSEE and LESSOR.

8. In the event of condemnation of the subject premises or any part thereof by proper authorities, or relocation of the highway, the LESSOR grants to the LESSEE the right to relocate its sign on LESSOR'S remaining property adjoining the condemned property or the relocated highway. Any condemnation award for LESSEE'S property shall accrue to LESSEE.

9. LESSEE agrees to indemnify LESSOR from all claims of injury and damages to LESSOR or third parties caused by the installation, operation, maintenance, or dismantling of LESSEE'S sign during the term of this lease. LESSEE further agrees to repair any damage to the premises or property at the premises resulting from the installation, operation, maintenance, or dismantling of the sign, less ordinary wear and tear.

10. LESSOR agrees to indemnify LESSEE from any and all damages, liability, costs and expenses, including attorney's fees, resulting from any inaccuracy in or nonfulfillment of any representation, warranty or obligation of LESSOR herein.

11. Paragraph deleted.

12. Prior to LESSEE removing its sign, and for five (5) years after such removal, LESSOR grants LESSEE a first right of refusal to match any bona fide agreement of LESSOR with a third party for the purpose of permitting off-premise outdoor advertising on any portion of the leased premises. LESSEE has seven (7) days after LESSOR provides to LESSEE a copy of such agreement executed by such third party to match the terms of such agreement.

13. If required by LESSEE, LESSOR will execute and acknowledge a memorandum of lease suitable for recordation.

14. This Lease is NOT BINDING UNTIL ACCEPTED by the General Manager of a Lamar Advertising Company.

THE LAMAR COMPANIES, LESSEE:

LESSOR: CITY OF HILL CITY

BY: _____
VICE-PRESIDENT/GENERAL MANAGER

BY: _____
BY: _____
PRINTED NAME/TITLE

DATE: / /

DATE: / /

LESSOR'S TELEPHONE NUMBER/EMAIL

ON FILE
LESSOR'S SOCIAL SECURITY NUMBER /
EMPLOYER IDENTIFICATION NUMBER

PID: 12-0-041700
Tax ID Parcel # (for land on which sign is located)

Address of LESSEE:
9331 WESTGATE BLVD
PROCTOR, MN 55810

Address of LESSOR:
PO BOX 160
HILL CITY, MN 55748

Witnesses (LESSEE)

Witnesses (LESSOR)



Real People. Real Solutions.

Section 8, Item a.

7656 Design Road
Suite 200
Baxter, MN 56425-8676

Ph: (218) 825-0684
Fax: (218) 825-0685
Bolton-Menk.com

VIA EMAIL

December 5, 2025

Tami Meyer, City Clerk/Treasurer
City of Hill City
125 Lake Ave.
P.O. Box 160
Hill City, MN 55748
cityhall@hillcity-mn.com

RE: Pay Application No. 12
Water Treatment Improvements
City of Hill City, Minnesota
BMI Project Number: 0M2.131391

Dear Tami,

Please find enclosed Pay Application No. 12 for the above referenced project. The pay application is based on work completed to date and the schedule of values provided by the contractor as required in the contract documents. We are recommending, at this time, payment to McGough Construction Co. in the amount of \$606,549.00 with the total remaining construction cost plus retainage of \$1,911,455.00.

If you agree, please sign and return one copy to the Contractor with payment, and one to me for our files.

If you have questions regarding any of the above items, please feel free to call me at (218) 839-2303.

Sincerely,
Bolton & Menk, Inc.

A handwritten signature in black ink, appearing to read 'Mac Graupman'.

Mac Graupman, P.E.
Water/Wastewater Project Engineer

Enclosures

cc: Andrew Beadell, Bolton & Menk, Inc.
Morgan Salo, Bolton & Menk, Inc.
File

APPLICATION AND CERTIFICATE FOR PAYMENT

PROJECT: Hill City Water Treatment Improvement
 125 Lake Avenue
 PO Box 160
 Hill City, MN 55748

APPLICATION NO.: 12
 PERIOD TO : Nov 30, 2025
 PROJECT NOS.: 101317.001
 INVOICE NO.: 804596
 DISTRIBUTION TO:
 OWNER
 ARCHITECT
 CONTRACTOR
 CONTRACT DATE : Aug 27, 2024

ARCHITECT:

FROM CONTRACTOR: McGough Construction Co., LLC
 2737 Fairview Ave N
 St Paul, MN 55113

CONTRACT FOR: Hill City Water Treatment Improvement

APPLICATION AND CERTIFICATE FOR PAYMENT

Application is made for payment, as shown below, in connection with the Contract. Continuation sheet is attached.

- 1. ORIGINAL CONTRACT SUM \$ 8,187,000
- 2. Net change by change orders \$ 0
- 3. CONTRACT SUM TO DATE (Line 1 +/- 2) \$ 8,187,000
- 4. TOTAL COMPLETED & STORED TO DATE \$ 6,605,837
- (Column G on G703)
- 5. RETAINAGE:
 (Total retainage Column I of G703) \$ 330,292
- 6. TOTAL EARNED LESS RETAINAGE \$ 6,275,545
- (Line 4 less Line 5 Total)
- 7. LESS PREVIOUS CERTIFICATES FOR PAYMENT
 (Line 6 from prior Certificate) \$ 5,668,995
- 8. CURRENT PAYMENT DUE \$ 606,549
- 9. BALANCE TO FINISH, INCLUDING RETAINAGE
 (Line 3 less Line 6) \$ 1,911,455

CHANGE ORDER SUMMARY	ADDITIONS	DEDUCTIONS
Change Order approved in previous months by Owner	0	0
APPROVED THIS MONTH		
Number	Date Approved	
Current Total:		0
Net Change by Change Orders		0

The undersigned Contractor certifies that to the best of the Contractor's knowledge, information and belief the work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for Work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is no due.

Contractor: McGough Construction Co., LLC
 By: [Signature] Date: 12/5/25

State of: Minnesota
 County of: Remsey
 Subscribed and sworn to before me this 5 day of December, 2025



Notary Public: Sara M Schmitz
 My Commission expires: 01-21-2029

ARCHITECT'S CERTIFICATE FOR PAYMENT

In accordance with the Contract Documents, based on on-site observations and the data comprising the above application, the Architect certifies to the Owner that to the best of the Architect's knowledge, information and belief the Work has progressed as indicated, the quality of Work is in accordance with the Contract Documents, and the Contractor is entitled to the payment of the AMOUNT CERTIFIED.

AMOUNT CERTIFIED \$ **606,549.00**

(Attach explanation if amount certified differs from the amount applied for. Initial figures on this Application and on the Continuation Sheet that are changed to conform to the amount certified.)

OWNER: [Signature]
 By: [Signature] Date: 12-8-2025

ARCHITECT: [Signature]
 By: [Signature] Date: 12/5/2025

This Certificate is not negotiable. The AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.

Section 8, Item a.

McGough Construction Co., LLC

CONTINUATION SHEET

APPLICATION AND CERTIFICATE FOR PAYMENT, containing Contractor's signed Certification is attached.

In tabulation below, amounts are stated to the nearest dollar. Use Column I on Contracts where variable retainage for line items may apply.

Page: 2

APPLICATION NUMBER: 12

APPLICATION DATE: Nov 30, 2025 INVOICE NO.:

PERIOD TO: Nov 30, 2025 804596

PROJECT NO: 101317.001

Section 8, Item a.

A ITEM NO.	B DESCRIPTION OF WORK	C SCHEDULED VALUE	D WORK COMPLETED (D+E)		F MATERIAL PRESENTLY STORED	G TOTAL COMPLETED AND STORED TO DATE	H BALANCE TO FINISH	I RETAINAGE
			FROM PREVIOUS APPLICATION	THIS PERIOD				
1.01	General Conditions - McGough	1,058,764	931,304	53,544	0	984,848	73,916	49,242
1.02	Mobilization	309,494	309,494	0	0	309,494	0	15,475
1.03	General Liability/Insurance	140,576	15,600	0	0	15,600	124,976	780
1.04	Performance & Payment Bond	69,570	69,570	0	0	69,570	0	3,478
2.01	Earthwork, Site, Utilities, Paving & Landscaping - Northland	862,900	787,650	17,600	0	805,250	57,650	40,263
2.02	Concrete/Masonry - NCM	1,410,785	1,408,718	0	0	1,408,718	2,067	70,436
2.03	Structural Precast	100,790	92,700	0	0	92,700	8,090	4,635
2.04	Waterproofing	57,588	31,394	0	0	31,394	26,194	1,570
2.05	Structural Steel	54,016	42,109	0	0	42,109	11,907	2,105
2.06	Glass	21,697	21,697	0	0	21,697	0	1,085
2.07	Roofing	11,485	5,739	0	0	5,739	5,746	287
2.08	Rough & Finish Carpentry - McGough	32,999	11,324	10,181	0	21,505	11,494	1,075
2.09	Ceiling System	4,995	0	0	0	0	4,995	0
2.10	Painting	120,774	88,515	0	0	88,515	32,259	4,426
2.11	Doors, Frames & Hardware - Supply	35,044	29,818	0	0	29,818	5,226	1,491
2.12	Specialty Hardware - Supply	2,498	1,976	0	0	1,976	522	99
2.13	Signage	11,506	10,208	0	0	10,208	1,298	510
2.14	Fire Protection	4,250	0	4,245	0	4,245	5	212
2.15	Mechanical - Hechimovich	1,272,297	742,610	81,594	0	824,204	448,092	41,210
2.16	Mechanical Equipment - GNE	925,250	442,516	466,990	0	909,506	15,744	45,475
2.17	Electrical - Holden	1,170,938	898,605	0	0	898,605	272,333	44,930
2.20	Caulking	28,785	21,589	4,318	0	25,907	2,878	1,295
3.01	General Allowance	325,000	2,405	0	0	2,405	322,595	120
3.02	Furnishings Allowance	10,000	0	0	0	0	10,000	0
3.03	Computer & Software Allowance	50,000	0	0	0	0	50,000	0
3.04	Laboratory Equipment Allowances	25,000	0	0	0	0	25,000	0
3.05	Utility Service Connections Allowances	25,000	1,822	0	0	1,822	23,178	91
3.06	Building Permit Allowance	20,000	0	0	0	0	20,000	0
3.07	Security Equipment Allowance	25,000	0	0	0	0	25,000	0
		0	0	0	0	0	0	0
Project Total:			5,967,364	638,473	0	6,605,837	1,581,163	330,282

Water Infrastructure Project Disbursement Request Form

Recipient - Contract ID:	Hill City_DWRF_01
Project Title:	Treatment-Manganese Treatment Plant

Disbursement request details:	Request Number:	12	Amount:	\$629,269.20
-------------------------------	-----------------	-----------	---------	---------------------

notes:

Prepared by:	Katelyn Kanuit-Senior Funding Specialist		
Authorized by:	Name (print)	Tami Meyer	
	Title/phone	City Clerk/Treasurer	218-697-2301
	Sign/date	<i>Tami Meyer</i>	12-8-2025

I hereby certify that this request for disbursement is, to the best of my knowledge and belief, true and accurate and made in accordance with the conditions of the project agreement, that the certified payrolls received in connection with any enclosed construction invoices are in compliance with the U. S. Department of labor requirements of 29 CFR 5.5(a)(1), that the project is in compliance with the American Iron and Steel (AIS) requirements ,and that I am authorized to request disbursements on behalf of the recipient.

MPFA approvals:

MPFA Loan Officer	date	MPFA Executive Director	date
Mary Jane Schultz	651.259.7467	MaryJane.Schultz@state.mn.us	

The remainder of this form is reserved for MPFA Disbursement Coding.

The Note for this project is: **Tax Exempt**

Loan Officer - please check this box IFF this is the final request on this project:

MN Public Facilities Authority

Section 8, Item b.

Project Disbursement Request - Summary of Project Costs

Recipient - Contract ID: **Hill City_DWRF_01**

SRF: Drinking Water SRF-Loan	MPFA-DWRF-L-030-FY25	\$ 1,831,350
SRF: Drinking Water SRF-Principal Forgiveness Grant	MPFA-DWRF-G-030-FY25	\$ 5,000,000
SRF: Drinking Water SRF-PFG-Emerging Contaminant	MPFA-DWRF-E-030-FY25	\$ 3,000,000
		<u>\$ 9,831,350</u>

note to recipient: complete the yellow-highlighted boxes below for each request:

The costs detailed below relate to **Project Disbursement Request #:**

12

Cost descriptions

Amounts

A.	Non-Construction:	Engineering		\$ 22,720.20
		Legal/Finance		
		Administration		\$ -
		Other		
		Total Non-Construction		<u>\$ 22,720.20</u>
B.	Construction:	<u>Clean Water...</u>	<u>Drinking Water...</u>	
		Treatment Facilities	Treatment	\$ 606,549.00
		Collector Systems	Transmission & Distribution	\$ -
		Interceptor	Source (Wells/surface water intakes)	\$ -
		Lift Station	Storage / Water Tower	\$ -
		Equipment	Other	\$ -
		Other		\$ -
		Total Construction		<u>\$ 606,549.00</u>
C.	Total disbursement request (A + B):			\$ 629,269.20
D.	Total of previous requests submitted to PFA ** (see pg 2 for detail):			\$ 6,576,476.45
E.	Total requested to date (C + D):			\$ 7,205,745.65
F.	Original award total from above:			\$ 9,831,350.00
G.	Remaining un-drawn balance (F – E):			<u>\$ 2,625,604.35</u>

Notes:

[Yellow highlighted box for notes]

page 2 may be used by the recipient for tracking past disbursement requests on this project

** History of payment requests submitted to PFA:

Req #	Dated	Notes	\$ amount Requested	\$ amount Paid by PFA
1	11/04/24	Draw #1	\$ 501,677.10	\$ 501,677.10
2	12/10/24	Draw #2	\$ 624,243.25	\$ 624,243.25
3	01/06/25	Draw #3	\$ 758,266.50	\$ 758,266.50
4	02/04/25	Draw #4	\$185,460.25	\$185,460.25
5	05/09/25	Draw #5	\$ 223,854.00	\$ 223,854.00
6	06/10/25	Draw #6	\$ 1,206,223.75	\$ 1,206,223.75
7	07/07/25	Draw #7	\$ 993,944.00	\$ 993,944.00
8	07/30/25	Draw #8	\$ 599,490.00	\$ 599,490.00
9	09/02/25	Draw #9	\$ 468,325.50	\$ 468,325.50
10	09/29/25	Draw #10	\$ 400,193.10	\$ 400,193.10
11	11/04/25	Draw #11	\$ 614,799.00	\$ 614,799.00
12	12/05/25	Draw #12	\$ 629,269.20	
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34				
35				
36				
total requested / paid prior to this request:			<u>\$ 7,205,745.65</u>	<u>\$ 6,576,476.45</u>

PFA Draw Request Number 12

City of Hill City, MN

Project Name-WTP Distribution and Watermain Replacement

Engineering	Invoice Date	Dates of Service	Invoice Number	Total Amount	PFA Ineligible (City Portion)	DWRP Portion
Bolton & Menk	11/28/2025	10/11/25-11/7/25	381128	\$ 22,720.20	\$	22,720.20
Engineering Total				\$ 22,720.20	\$ -	\$ 22,720.20
Legal/Finance						
Legal/Finance Total					\$ -	
Other						
Other Total					\$ -	
Construction						
McGough Construction	12/5/2025	11/1/25-11/30/25	Pay App 12	\$ 606,549.00	\$	606,549.00
Construction Total				\$ 606,549.00	\$ -	\$ 606,549.00
TOTAL DRAW #12				\$ 629,269.20	\$ -	\$ 629,269.20



Please Remit To: Bolton & Menk, Inc.
 1960 Premier Drive | Mankato, MN 56001-5900
 507-625-4171 | 507-625-4177 (fax)
 Payment by Credit Card Available Online at www.Bolton-Menk.com
 To Ensure Proper Credit, Provide Invoice Numbers with Payment

Hill City
 cityhall@hillcity-mn.com
 Hill City, MN 55748

November 28, 2025
 Project No: 0M2.131391.000
 Invoice No: 0381128
 Client Account: HILL_CI_MN

Hill City/Preliminary Engineering

Preliminary Engineering and Piloting for WTP

Professional Services from October 11, 2025 to November 7, 2025

Construction - Environmental (0000003)

Professional Services

	Hours	Amount	
Principal	16.00	3,280.50	
Project Engineer	23.00	4,370.00	
Specialist	59.50	8,089.50	
Totals	98.50	15,740.00	
Total Labor			15,740.00

Consultants

Design Tree Engineering			
10/31/2025	Design Tree Engineering	577.50	
11/30/2025	Design Tree Engineering	247.50	
LS Engineers, Inc.			
10/30/2025	LS Engineers, Inc.	1,627.00	
	Total Consultants	2,452.00	2,697.20
	1.10 times		
	Total this Task		\$18,437.20

Construction - Civil (0000004)

Professional Services

	Hours	Amount	
Project Manager	15.00	2,850.00	
Specialist	2.50	443.00	
Administrative	11.00	990.00	
Totals	28.50	4,283.00	
Total Labor			4,283.00
	Total this Task		\$4,283.00
	Total this Invoice		\$22,720.20

Bolton & Menk, Inc. is an equal opportunity employer and federal contractor or subcontractor. Consequently, the parties agree that, as applicable, they will abide by the requirements of 41 CFR 60-1.4(a), 41 CFR 60-300.5(a) and 41 CFR 60-741.5(a) and that these laws are incorporated herein by reference. These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities, and prohibit discrimination against all individuals based on their race, color, religion, sex, sexual orientation, gender identity or national origin. These regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, sexual orientation, gender identity, national origin, protected veteran status or disability. The parties also agree that, as applicable, they will abide by the requirements of Executive Order 13496 (29 CFR Part 471, Appendix A to Subpart A), relating to the notice of employee rights under federal labor laws.



Real People. Real Solutions.

Section 8, Item b.

7656 Design Road
Suite 200
Baxter, MN 56425-8676

Ph: (218) 825-0684
Fax: (218) 825-0685
Bolton-Menk.com

VIA EMAIL

December 5, 2025

Tami Meyer, City Clerk/Treasurer
City of Hill City
125 Lake Ave.
P.O. Box 160
Hill City, MN 55748
cityhall@hillcity-mn.com

RE: Pay Application No. 12
Water Treatment Improvements
City of Hill City, Minnesota
BMI Project Number: 0M2.131391

Dear Tami,

Please find enclosed Pay Application No. 12 for the above referenced project. The pay application is based on work completed to date and the schedule of values provided by the contractor as required in the contract documents. We are recommending, at this time, payment to McGough Construction Co. in the amount of \$606,549.00 with the total remaining construction cost plus retainage of \$1,911,455.00.

If you agree, please sign and return one copy to the Contractor with payment, and one to me for our files.

If you have questions regarding any of the above items, please feel free to call me at (218) 839-2303.

Sincerely,
Bolton & Menk, Inc.

Mac Graupman, P.E.
Water/Wastewater Project Engineer

Enclosures

cc: Andrew Beadell, Bolton & Menk, Inc.
Morgan Salo, Bolton & Menk, Inc.
File

APPLICATION AND CERTIFICATE FOR PAYMENT

PROJECT: Hill City Water Treatment Improvement
 125 Lake Avenue
 PO Box 160
 Hill City, MN 55748

APPLICATION NO.: 12
 PERIOD TO: Nov 30, 2025
 PROJECT NOS.: 101317.001
 INVOICE NO.: 804596
 DISTRIBUTION TO:
 OWNER
 ARCHITECT
 CONTRACTOR
 CONTRACT DATE: Aug 27, 2024

FROM CONTRACTOR: McGough Construction Co., LLC
 2737 Fairview Ave N
 St Paul, MN 55113

ARCHITECT:

CONTRACT FOR: Hill City Water Treatment Improvement

APPLICATION AND CERTIFICATE FOR PAYMENT

Application is made for payment, as shown below, in connection with the Contract. Continuation sheet is attached.

- 1. ORIGINAL CONTRACT SUM \$ 8,187,000
- 2. Net change by change orders \$ 0
- 3. CONTRACT SUM TO DATE (Line 1 +/- 2) \$ 8,187,000
- 4. TOTAL COMPLETED & STORED TO DATE \$ 6,605,837
(Column G on G703)
- 5. RETAINAGE:
(Total retainage Column I of G703) \$ 330,292
(Line 4 less Line 5 Total) \$ 6,275,545
- 7. LESS PREVIOUS CERTIFICATES FOR PAYMENT
(Line 6 from prior Certificate) \$ 5,668,995
(Line 3 less Line 6) \$ 1,911,455
- 8. CURRENT PAYMENT DUE \$ 606,549
- 9. BALANCE TO FINISH, INCLUDING RETAINAGE
(Line 3 less Line 6) \$ 1,911,455

CHANGE ORDER SUMMARY	ADDITIONS	DEDUCTIONS
Change Order approved in previous months by Owner	0	0
APPROVED THIS MONTH		
Number	Date Approved	
Current Total:		0
Net Change by Change Orders		0

The undersigned Contractor certifies that to the best of the Contractor's knowledge, information and belief the work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for Work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is not due.

Contractor: McGough Construction Co., LLC
 By: [Signature] Date: 12/5/25

State of: Minnesota
 County of: Ramsey
 Subscribed and sworn to before me this 5 day of December, 2025



Notary Public: Sara M Schmitz
 My Commission expires: 01-21-2029

ARCHITECT'S CERTIFICATE FOR PAYMENT

In accordance with the Contract Documents, based on on-site observations and the data comprising the above application, the Architect certifies to the Owner that to the best of the Architect's knowledge, information and belief the Work has progressed as indicated, the quality of Work is in accordance with the Contract Documents, and the Contractor is entitled to the payment of the AMOUNT CERTIFIED.

AMOUNT CERTIFIED \$ **606,549.00**

(Attach explanation if amount certified differs from the amount applied for. Initial figures on this Application and on the Continuation Sheet that are changed to conform to the amount certified.)

OWNER: [Signature]
 By: Jean Meyer Date: 12-8-2025

ARCHITECT: [Signature]
 By: Neil [Signature] Date: 12/5/2025

This Certificate is not negotiable. The AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.

Section 8, Item b.

McGough Construction Co., LLC

CONTINUATION SHEET

APPLICATION AND CERTIFICATE FOR PAYMENT, containing Contractor's signed Certification is attached. In tabulation below, amounts are stated to the nearest dollar. Use Column I on Contracts where variable retainage for line items may apply.

APPLICATION NUMBER: 12
 APPLICATION DATE: Nov 30, 2025
 PERIOD TO: Nov 30, 2025
 PROJECT NO: 101317.001

INVOICE NO.: 804596

A ITEM NO.	B DESCRIPTION OF WORK	C SCHEDULED VALUE	D WORK COMPLETED (D+E)		F MATERIAL PRESENTLY STORED	G TOTAL COMPLETED AND STORED TO DATE	H BALANCE TO FINISH	I RETAINAGE
			FROM PREVIOUS APPLICATION	THIS PERIOD				
1.01	General Conditions - McGough	1,058,764	931,304	53,544	0	984,848	73,916	49,242
1.02	Mobilization	309,494	309,494	0	0	309,494	0	15,475
1.03	General Liability/Insurance	140,576	15,600	0	0	15,600	124,976	780
1.04	Performance & Payment Bond	69,570	69,570	0	0	69,570	0	3,478
2.01	Earthwork, Site, Utilities, Paving & Landscaping - Northland	862,900	787,650	17,600	0	805,250	57,650	40,263
2.02	Concrete/Masonry - NCM	1,410,785	1,408,718	0	0	1,408,718	2,067	70,436
2.03	Structural Precast	100,790	92,700	0	0	92,700	8,090	4,635
2.04	Waterproofing	57,588	31,394	0	0	31,394	26,194	1,570
2.05	Structural Steel	54,016	42,109	0	0	42,109	11,907	2,105
2.06	Glass	21,697	21,697	0	0	21,697	0	1,085
2.07	Roofing	11,485	5,739	0	0	5,739	5,746	287
2.08	Rough & Finish Carpentry - McGough	32,999	11,324	10,181	0	21,505	11,494	1,075
2.09	Ceiling System	4,995	0	0	0	0	4,995	0
2.10	Painting	120,774	88,515	0	0	88,515	32,259	4,426
2.11	Doors, Frames & Hardware - Supply	35,044	29,818	0	0	29,818	5,226	1,491
2.12	Specialty Hardware - Supply	2,498	1,976	0	0	1,976	522	99
2.13	Signage	11,506	10,208	0	0	10,208	1,298	510
2.14	Fire Protection	4,250	0	4,245	0	4,245	5	212
2.15	Mechanical - Hecimovich	1,272,297	742,610	81,594	0	824,204	448,092	41,210
2.16	Mechanical Equipment - GNE	925,250	442,516	466,990	0	909,506	15,744	45,475
2.17	Electrical - Holden	1,170,938	898,605	0	0	898,605	272,333	44,930
2.20	Caulking	28,785	21,589	4,318	0	25,907	2,878	1,295
3.01	General Allowance	325,000	2,405	0	0	2,405	322,595	120
3.02	Furnishings Allowance	10,000	0	0	0	0	10,000	0
3.03	Computer & Software Allowance	50,000	0	0	0	0	50,000	0
3.04	Laboratory Equipment Allowances	25,000	0	0	0	0	25,000	0
3.05	Utility Service Connections Allowance	25,000	1,822	0	0	1,822	23,178	91
3.06	Building Permit Allowance	20,000	0	0	0	0	20,000	0
3.07	Security Equipment Allowance	25,000	0	0	0	0	25,000	0
		0	0	0	0	0	0	0
Project Total!		8,187,000	5,967,364	638,473	0	6,605,837	1,581,163	330,292

MINNESOTA LAWFUL GAMBLING
LG220 Application for Exempt Permit

An exempt permit may be issued to a nonprofit organization that:

- conducts lawful gambling on five or fewer days, and
- awards less than \$50,000 in prizes during a calendar year.

If total raffle prize value for the calendar year will be \$1,500 or less, contact the Licensing Specialist assigned to your county by calling 651-539-1900.

Application Fee (non-refundable)

Applications are processed in the order received. If the application is postmarked or received 30 days or more before the event, the application fee is **\$100**; otherwise the fee is **\$150**.

Due to the high volume of exempt applications, payment of additional fees prior to 30 days before your event will not expedite service, nor are telephone requests for expedited service accepted.

ORGANIZATION INFORMATION

Organization Name: North Woods Quada Previous Gambling Permit Number: X-93378

Minnesota Tax ID Number, if any: _____ Federal Employer ID Number (FEIN), if any: _____

Mailing Address: P.O. Box 232

City: Hill City State: MN Zip: 55748 County: Aitkin

Name of Chief Executive Officer (CEO): Craig McNeil

CEO Daytime Phone: 218-259-6364 CEO Email: MCNEILEXCAVATINGSERVICES@GMAIL.COM
(permit will be emailed to this email address unless otherwise indicated below)

Email permit to (if other than the CEO): NORTHWOODSQUADS@GMAIL.COM

NONPROFIT STATUS

Type of Nonprofit Organization (check one):

Fraternal Religious Veterans Other Nonprofit Organization

Attach a copy of one of the following showing proof of nonprofit status:

- (DO NOT attach a sales tax exempt status or federal employer ID number, as they are not proof of nonprofit status.)
- A current calendar year Certificate of Good Standing**
 Don't have a copy? Obtain this certificate from:
 MN Secretary of State, Business Services Division
 60 Empire Drive, Suite 100
 St. Paul, MN 55103
 Secretary of State website, phone numbers:
www.sos.state.mn.us
 651-296-2803, or toll free 1-877-551-6767
 - IRS income tax exemption (501(c)) letter in your organization's name**
 Don't have a copy? To obtain a copy of your federal income tax exempt letter, have an organization officer contact the IRS toll free at 1-877-829-5500.
 - IRS - Affiliate of national, statewide, or international parent nonprofit organization (charter)**
 If your organization falls under a parent organization, attach copies of both of the following:
 1. IRS letter showing your parent organization is a nonprofit 501(c) organization with a group ruling; and
 2. the charter or letter from your parent organization recognizing your organization as a subordinate.

GAMBLING PREMISES INFORMATION

Name of premises where the gambling event will be conducted (for raffles, list the site where the drawing will take place): Lake Avenue, Hill City, MN 55748

Physical Address (do not use P.O. box): 125 Lake Ave, Hill City, MN 55748

Check one:

City: Hill City Zip: 55748 County: Aitkin

Township: _____ Zip: _____ County: _____

Date(s) of activity (for raffles, indicate the date of the drawing): July 4th, 2026

Check each type of gambling activity that your organization will conduct:

Bingo Paddlewheels Pull-Tabs Tipboards Raffle

Gambling equipment for bingo paper, bingo boards, raffle boards, paddlewheels, pull-tabs, and tipboards must be obtained from a distributor licensed by the Minnesota Gambling Control Board. EXCEPTION: Bingo hard cards and bingo ball selection devices may be borrowed from another organization authorized to conduct bingo. To find a licensed distributor, go to www.mn.gov/gcb and click on **Distributors** under the **List of Licensees** tab, or call 651-539-1900.

LOCAL UNIT OF GOVERNMENT ACKNOWLEDGMENT (required before submitting application to the Minnesota Gambling Control Board)

**CITY APPROVAL
for a gambling premises
located within city limits**

- The application is acknowledged with no waiting period.
- The application is acknowledged with a 30-day waiting period, and allows the Board to issue a permit after 30 days (60 days for a 1st class city).
- The application is denied.

Print City Name: _____
 Signature of City Personnel: _____
 Title: _____ Date: _____

The city or county must sign before submitting application to the Gambling Control Board.

**COUNTY APPROVAL
for a gambling premises
located in a township**

- The application is acknowledged with no waiting period.
- The application is acknowledged with a 30-day waiting period, and allows the Board to issue a permit after 30 days.
- The application is denied.

Print County Name: _____
 Signature of County Personnel: _____
 Title: _____ Date: _____

TOWNSHIP (if required by the county)
 On behalf of the township, I acknowledge that the organization is applying for exempted gambling activity within the township limits. (A township has no statutory authority to approve or deny an application, per Minn. Statutes, section 349.213.)
 Print Township Name: _____
 Signature of Township Officer: _____
 Title: _____ Date: _____

CHIEF EXECUTIVE OFFICER'S SIGNATURE (required)

The information provided in this application is complete and accurate to the best of my knowledge. I acknowledge that the financial report will be completed and returned to the Board within 30 days of the event date.

Chief Executive Officer's Signature: *Craig McNeil* Date: 12-3-21
 (Signature must be CEO's signature; designee may not sign)

Print Name: Craig McNeil

REQUIREMENTS

Complete a separate application for:

- all gambling conducted on two or more consecutive days; or
- all gambling conducted on one day.

Only one application is required if one or more raffle drawings are conducted on the same day.

Financial report to be completed within 30 days after the gambling activity is done:
 A financial report form will be mailed with your permit. Complete and return the financial report form to the Gambling Control Board.

Your organization must keep all exempt records and reports for 3-1/2 years (Minn. Statutes, section 349.166, subd. 2(f)).

MAIL APPLICATION AND ATTACHMENTS

Mail application with:

- _____ a copy of your proof of nonprofit status; and
- _____ application fee (non-refundable). If the application is postmarked or received 30 days or more before the event, the application fee is **\$100**; otherwise the fee is **\$150**. Make check payable to **State of Minnesota**.

To: Minnesota Gambling Control Board
 1711 West County Road B, Suite 300 South
 Roseville, MN 55113

Questions?
 Call the Licensing Section of the Gambling Control Board at 651-539-1900.

Data privacy notice: The information requested on this form (and any attachments) will be used by the Gambling Control Board (Board) to determine your organization's qualifications to be involved in lawful gambling activities in Minnesota. Your organization has the right to refuse to supply the information; however, if your organization refuses to supply this information, the Board may not be able to determine your organization's qualifications and, as a consequence, may refuse to issue a permit. If your organization supplies the information requested, the Board will be able to process the application. Your organization's name and address will be public information when received by the Board. All other information provided will be private data about your organization until the Board issues the permit. When the Board issues the permit, all information provided will become public. If the Board does not issue a permit, all information provided remains private, with the exception of your organization's name and address which will remain public. Private data about your organization are available to Board members, Board staff whose work requires access to the information; Minnesota's Department of Public Safety; Attorney General; Commissioners of Administration, Minnesota Management & Budget, and Revenue; Legislative Auditor, national and international gambling regulatory agencies; anyone pursuant to court order; other individuals and agencies specifically authorized by state or federal law to have access to the information; individuals and agencies for which law or legal order authorizes a new use or sharing of information after this notice was given; and anyone with your written consent.

This form will be made available in alternative format (i.e. large print, braille) upon request.

DANIEL G. GUIDA

AITKIN COUNTY SHERIFF

218 1st St. N.W.

Aitkin, MN 56431

218-927-7435 / 1-888-900-2138

Emergency 911

Section 8, Item f.

Sheriff Fax: 218-927-7359 / Dispatch Fax: 218-927-6887

APPLICATION

Winter

Special Water / Lake Event

NAME OF ORGANIZATION: Hill City Area Lions Club

ADDRESS OF ORGANIZATION: Po Box 57 Hill City, MN. 55748

PERSON MAKING APPLICATION: Duane Niesen & Jay Zapzalka

ADDRESS: 39045 650th St. Swatara, MN. 55785

EMAIL: dtniesen@yahoo.com

CONTACT PHONE NUMBER: Duane Mobile: 218-244-1808 Jay Mobile: 218-536-1185

INSURANCE COMPANY & POLICY NUMBER: ACE AMERICAN Insurance Co. GEN LIABILITY: HD06 49357199 Auto: ISA 111428113

DATES/TIME OF EVENT: February 14th 2026 12:00 NOON to 3:00 pm

INSTALLATION DATES OF EQUIPMENT - FROM Feb 13 2026 TO Feb 15 2026

LOCATION OF EVENT (Lake Name etc.): Hill Lake (offshore from City Park)

TYPE OF EVENT: Ice fishing contest

TYPE OF EQUIPMENT: 2 portable fish houses, Cargo trailer, Concession truck & trailer & 4 Porta Potties

Applicant agrees to defend, hold harmless and pay on behalf of the County of Aitkin and their officials and employees, and demands, claims or suits arising out of actions of applicant under the permit.

ATTACH DIAGRAM Map Attached

SIGNATURE OF APPLICANT: 

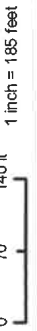
CITY RECOMMENDATION FOR APPROVAL: _____
Authorized Signature Date

All applications for permit must be received a minimum of ten (10) days prior to the even or placement of structure.



Hill City Lions Fishing Contest

These data are provided on an "AS-IS" basis, without warranty of any type, expressed or implied, including not limited to any warranty to their performance, merchantability, or fitness for any particular purpose.



November 19, 2025

The Honorable Dave Lange
Mayor, City of Hill City
125 Lake Ave.
Hill City, MN 55748

**RE: Results of Monitoring of Grantee Performance, Hill City Public Facility Project
Grant #CDAP-23-0096-FY24**

Dear Mayor:

On September 11, 2025, the Department of Employment and Economic Development (DEED), Office of Business and Community Development (BCD) monitored the above grant by conducting online with Bolton and Menk. Our primary concern is to help the city meet the objectives set forth in the grant agreements and to ensure compliance with the Federal Objective, Eligibility and all applicable regulations so that the city derives full benefit from the Small Cities Development Grant Program.

Overall, our office felt that the projects will have a substantial effect on the city and have been administered adequately to date. The City and Bolton and Menk are to be congratulated on their efforts to implement this project in a conscientious manner. Please see the attached monitoring report for details related to the monitoring.

If you have any questions, please feel free to contact me at 651-259-7455 or by email christian.nordeng@state.mn.us.

Sincerely,



Chris Nordeng
Grant Specialist

Enclosure

cc: Jaiden Scheel

Business and Community Development Division

Great Northern Building ■ 180 East Fifth Street ■ Suite 1200 ■ Saint Paul ■ Minnesota 55101-1351
■ <http://mn.gov/deed>

AN EQUAL OPPORTUNITY EMPLOYER AND SERVICE PROVIDER

MINNESOTA SMALL CITIES DEVELOPMENT PROGRAM

MONITORING REPORT

City of Hill City

Wastewater Line Relocation

CDAP-23-0096-O-FY24

Prepared by Chris Nordeng

11/19/2025

**Minnesota Department of Employment and Economic Development
Division of Business and Community Development
Office of Community Finance
Great Northern Building
180 East Fifth Street, Suite 1200
Saint Paul, MN 55101**

INTRODUCTION

On September 11, 2025, Chris Nordeng from the Department of Employment and Economic Development (DEED), Business and Community Development Division (BCD) met with Jaiden Scheel with Bolton and Menk Virtually. The purpose of the visit was for monitoring of the Small Cities Development Program, (SCDP) Grant CDAP-23-0096-O-FY24 in the areas of Grant Management, Financial Management, Fair Housing and Equal Opportunity Employment, Environmental, Public facilities and Labor Standards. An exit meeting was conducted on November 19, 2025.

GRANT MANAGEMENT

Relevant grant documents were found in the files that are maintained by WSN. These included the approved application, signed agreement, contract between the City and WSN, annual progress reports and reimbursement request forms that were submitted to DEED. All policies and plans were in order. These included Residential Anti-Displacement, Drug-Free Workplace, Prohibition of Excessive Force policies, Section 3 plan and Fair Housing plan.

Annual reports have reported fair housing activities for 2024, and 2025.

Upon grant closeout, Bolton and Menk will forward all grant records and documents to the City to be maintained for six years after the grant closeout.

There is no findings or concerns in this area.

FINANCIAL MANAGEMENT

Copies of all pay request to DEED were located. Invoices and copies of cancelled checks and lien waivers were provided documenting SCDP payments. Disbursement requests were being signed by authorized personnel. Administrator had written permission from the city.

Two randomly selected disbursements were sampled. There were adequate supporting documentation of the expenditures and no evidence of ineligible costs. All expenditures were incurred during the grant period.

A single audit report for fiscal year ending December 31, 2025, was not submitted as federal funds did not exceed the threshold. Tami Meyer, City Clerk of City of Hill City indicated that a single audit for 2025 would not be submitted as City of Hill City does not anticipate receiving over \$\$1,000,000.00 in federal funds.

The City had followed local and federal government requirements on all procurements and has inserted all the contract requirements stated in the grant agreement in their contracts. Evidence that the administrative contract was competitively procured was found in the City files.

All grantee's staff costs charged to the grant are supported by time distribution records. There was no

indirect cost charged to the grant.

There is no findings or concerns in this area.

EQUAL OPPORTUNITY

Bolton and Menk has taken affirmative steps to solicit contracts with small, minority-owned business and women-owned businesses through marketing and flyers.

Bid documents and contracts contain Executive Order 11246 and Uniform Administrative Requirements pertaining to Minority/Women Business Enterprises Contracting.

There is no findings or concerns in this area.

ENVIRONMENTAL

A centralized file was maintained by Bolton and Menk and all records were reviewed for accuracy. DEED clearance letter and authority to use funds was in Bolton and Menk’s environmental review records.

No draws from DEED were made for any construction-related expenses before the date of the environmental clearance. Rural Development’s environmental review was in file.

The Notice of Intent to Request Release of Funds did not receive a comment from SHPO.

There were no Findings or Concerns in this area.

CONSTRUCTION OF PUBLIC FACILITY

Construction of public facility must meet the federal objectives of benefit to low and moderate income on an area basis or meet urgent Community Development Need.

The goal for public facility activity is the relocation of a wastewater line, remove and replace to meters. The construction of the wastewater line pumps and meters has been 95% complete, currently working on a punch list and project is anticipated to be complete in spring of 2026.

HUD income limits were used to determine that over 51% of the community is LMI. The income limits used for the county were 2011-2015 income limits. The federal objective was met with 70.37% benefiting LMI households.

Bid specifications were available for review. There was one change in the project that was not part of the original application and that was removing and replacing pumps, and a control panel.

Federal debarment checks were being performed on contractors. Section 3 certification forms and Women or Minority-Owned business reporting forms from contractors were being collected.

Monitoring was done virtually, and no onsite visit was completed.

LABOR STANDARDS

Federal Labor standards rules must apply to projects using SCDP funds that involve public facility improvements. Compliance with Davis Bacon and related Acts must be met.

Labor Standards were reviewed for public facility improvements. Labor Standards provision (HUD 4010) and correct wage decision were attached to the bid packets and construction contracts.

Labor Standards notice; notice of contract award and contractor/subcontractor certifications were in the file. Final compliance report will be submitted once the project is closed.

Interviews were conducted and documentation shows that the correct wage decision, HUD 4010 forms and “Notice to All Employees” had been posted at the job site.

Payrolls were submitted weekly. Interviews were completed and compared to payroll reports received. Restitution was not necessary on the available payrolls.

There were no Findings or Concerns in these areas.

SUMMARY

I wish to thank Jaiden Scheel with Bolton and Menk for their assistance and cooperation during the monitoring. The project has been administered successfully to date and the completed projects will have a clear impact on the city.

Dear City of Hill City,
I would like to thank you
for purchasing an ad in
our yearbook. With your support,
you are helping to make our
book possible, and make the
cost lower for our students.
We look forward to working
with you in the future!

-Hill City School
Yearbook Staff

Artemis Mercado

Halcy
Barnes

Effie
Huso

[Signature]
Borden

[Signature]
Keston

[Signature]
Mica
Pinksa

Tyler Pearson

[Signature]
Pearson



1500 South Hwy 52
PO Box 483
Chatfield, MN 55923
Phone - 507.867.3164
www.cedausa.com

Contract for Professional Services

This contract is made and entered into by Community and Economic Development Associates, a Minnesota nonprofit corporation exempt from income tax as an organization operated for charitable purposes within the meaning of Internal Revenue Code section 501(c)(3), hereafter “CEDA”, and the City of Hill City, a municipal corporation, hereafter “the City”, to define the terms by which CEDA shall provide technical and management expertise services to the City.

I. Agreement scope and purpose. The City hereby retains CEDA to perform to its benefit the services described in paragraph II, to the end of the City more effectively accomplishing:

- * Prevention and/or combat of community and neighborhood deterioration and revitalization of deteriorated neighborhoods;
- * Attraction and/or retention of businesses that would not, but for the assistance provided, choose to locate/remain in the area;
- * The securing of businesses who will be required to provide jobs for unemployed and underemployed residents of the community; and
- * The expansion of business opportunities for minority entrepreneurs and other entrepreneurs that are viable business opportunities to enhance the well-being of the community and/or for businesses who are unable to obtain financing from conventional sources

II. Services to be provided by CEDA. CEDA agrees to provide technical and management expertise in the form of staff and materials to the City. Staff’s services, and associated materials, will be provided in order to facilitate and support the accomplishment of the City’s undertakings to the ends described in the preceding paragraph. CEDA’s staff and materials shall be made available toward efforts in the following specific arenas of the City’s needs and operations:

- * project identification
- * partnerships
- * project completion
- * business outreach

III. Obligations of the City.

- A. The City shall reimburse CEDA for staff time provided at the rate of \$32,340 not to exceed annually. This is based on an average of eight hours per week.
- B. Materials, conferences, meetings and the like shall be paid for on a unit basis agreed to by the City in writing prior to the provision of the materials.
- C. The City shall be responsible to provide payment to CEDA within 30 days of the submission of each invoice provided by CEDA.

IV. Obligations of CEDA.

- A. CEDA is performing services as an independent contractor. Accordingly, the provision of staff by CEDA to provide technical and management expertise to the City under this Agreement neither creates a release of CEDA staff to employment at the City nor makes such staff subject to supervision by the City.



1500 South Hwy 52
PO Box 483
Chatfield, MN 55923
Phone - 507.867.3164
www.cedausa.com

B. CEDA has no authority or right, express or implied, to assume or create any obligation or responsibility on behalf of the City or to bind the City in any manner. CEDA will not represent the contrary, either expressly or implicitly, to anyone.

C. CEDA is solely responsible for payroll tax responsibilities related to each of its staff persons whose time is provided under this Agreement and shall acquire and maintain necessary insurance related to their efforts under this Agreement, including carrying workers' compensation insurance coverage at all times. CEDA shall supply the City with certification of such coverage.

D. CEDA shall be responsible to invoice the City for staff time and materials provided under this Agreement on a periodic basis, no less frequently than quarterly.

E. CEDA shall perform all services under this Agreement in compliance with applicable state and federal requirements.

V. Period/Termination. The term of this Agreement is through December 31, 2026, commencing January 1, 2026. The Agreement may be terminated earlier in its term upon 30 days' written notice by CEDA to the City or by the City to CEDA. Upon termination, the City shall be liable to pay CEDA for services performed at \$32,340 per year and materials provided under this Agreement prior to and through the effective date of termination, unless otherwise specifically agreed by the parties in writing.

VI. Construction of Agreement. This Agreement is to be performed and construed under Minnesota law, and supersedes any and all prior agreements and contains the entire agreement of the parties.

THE CITY OF HILL CITY

By _____

Its _____

Date _____

COMMUNITY AND ECONOMIC DEVELOPMENT ASSOCIATES

By _____ *Ron High* _____

Its __CEO/President_____

Date _October 24, 2025